



**Substitute Senate Bill No. 188**

**Public Act No. 14-6**

**AN ACT CONCERNING CAPTIVE INSURANCE COMPANIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subdivision (5) of subsection (a) of section 38a-91bb of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(5) No captive insurance company may provide [personal risk insurance, as defined in section 38a-663, for](#) private passenger motor vehicle or homeowners insurance coverage or any component thereof;

Sec. 2. Subsection (e) of section 38a-91ff of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(e) [A branch captive insurance company may be established in this state to write in this state only insurance or reinsurance of the employee benefit business of its parent and affiliated companies that is subject to the Employee Retirement Income Security Act of 1974, as amended from time to time.] No branch captive insurance company shall do any insurance business in this state unless it maintains [the] [a](#) principal place of business for its branch operations in this state.

Sec. 3. Subsection (n) of section 38a-91ff of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(n) The provisions of this chapter pertaining to mergers, consolidations, [\[and\] conversions and transfers of domicile](#) shall apply in determining the procedures to be followed by captive insurance companies in carrying out any of the transactions described in this chapter.

Sec. 4. Section 38a-91ff of the general statutes is amended by adding subsection (o) as follows (*Effective October 1, 2014*):

(NEW) (o) Any pure captive insurance company, association captive insurance company, industrial insured captive insurance company, risk retention group, sponsored captive insurance company or special purposes financial captive insurance company that is

organized pursuant to the laws of another state may become a domestic captive insurance company of the same type by complying with the requirements of sections 38a-91bb to 38a-91tt, inclusive, as amended by this act, relating to the organization and licensing of such type of company and designating its principal place of business at a location in this state.

Sec. 5. Subsection (b) of section 38a-91kk of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(b) A captive insurance company may only take credit for the reinsurance of **[risks or portions of risks]** a risk or portion of risk ceded to reinsurers that **[complies]** comply with the provisions of **[section 38a-85 or 38a-86]** sections 38a-85 to 38a-88, inclusive, unless the commissioner has given prior written approval allowing the captive insurance company to take credit for the reinsurance of a risk or portion of risk ceded to reinsurers that do not comply with the provisions of said sections.

Sec. 6. Section 38a-91oo of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) Unless otherwise provided in sections 38a-91aa to 38a-91tt, inclusive, no provision of this title shall apply to captive insurance companies, unless expressly included therein, except for the following: (1) Sections 38a-8, 38a-16, 38a-17, 38a-54 to **[38a-57, inclusive,]** 38a-59, inclusive, 38a-69a, **[38a-129 to 38a-140, inclusive,]** 38a-102h and 38a-250 to 38a-266, inclusive, and chapter 704c; and (2) **[section]** subsection (d) of section 38a-72 and sections 38a-73 and 38a-129 to 38a-140, inclusive, as amended by this act, which shall apply only to captive insurance companies formed as risk retention groups. **[, as defined in section 38a-91aa.]**

(b) (1) The commissioner may require, with notice, any of the following to comply with the provisions of sections 38a-129 to 38a-140, inclusive, as amended by this act:

(A) A pure captive insurance company, when (i) the assets of a subsidiary of such company are greater than ten per cent of the assets of the ultimate parent company, or (ii) the pure captive insurance company is owned by an insurance holding company system, as defined in section 38a-129, as amended by this act; or

(B) An industrial insured captive insurance company or an association captive insurance company, when (i) any individual member's ownership of such company is greater than ten per cent, or (ii) such company is owned by an insurance holding company system, as defined in section 38a-129, as amended by this act.

(2) The commissioner may remove the compliance requirement imposed on a company pursuant to subdivision (1) of this subsection if such company demonstrates to the commissioner that the condition that triggered the imposition of the compliance requirement no longer exists and that no other triggering condition is present.

Sec. 7. Section 38a-129 of the general statutes is amended by adding subsection (c) as follows (*Effective October 1, 2014*):

(NEW) (c) The provisions of sections 38a-129 to 38a-140, inclusive, shall apply to captive insurance companies, as defined in section 38a-91aa, as specified in section 38a-91oo, as amended by this act.

Sec. 8. Section 38a-91 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

As used in sections 38a-91 to 38a-91d, inclusive:

(1) "Accredited state" means a state in which the insurance department or regulatory agency has qualified as meeting the minimum financial regulatory standards promulgated and established from time to time by the National Association of Insurance Commissioners.

(2) "Captive insurer" means an insurance company owned by another organization whose exclusive purpose is to insure risks of the parent organization and affiliated companies or, in the case of groups and associations, an insurance organization owned by the insureds whose exclusive purpose is to insure risks of member organizations and group members and their affiliates.

(3) "Control" or "controlled" has the meaning assigned in section 38a-129.

(4) "Controlled insurer" means a licensed insurer which is controlled, directly or indirectly, by a producer.

(5) "Controlling producer" means a producer who, directly or indirectly, controls an insurer.

(6) "Licensed insurer" or "insurer" means any person, firm, association or corporation duly licensed pursuant to section 38a-41 to transact a property casualty insurance business in this state. The terms "licensed insurer" or "insurer" [shall] [does](#) not include any captive insurer [except for a risk retention group, as defined in section 38a-91aa.](#)

(7) "Producer" shall have the same meaning as "insurance producer", as defined in section 38a-702a.