

SCS SB 287 -- CAPTIVE INSURANCE COMPANIES

SPONSOR: Rupp (Gosen)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Insurance Policy by a vote of 6 to 0.

This substitute allows the Director of the Department of Insurance, Financial Institutions and Professional Registration to issue a certificate of general good to permit the formation of a sponsored captive insurance company for the sole purpose of consolidating or merging with or assuming existing insurance or reinsurance business from an existing Missouri licensed captive insurance company. The assets for one or more participants in a sponsored captive insurance company must be kept in a separate account to be known as a "protected cell."

One or more sponsors may form a sponsored captive insurance company to insure the risks of only its participants with separate contracts for each participant. A sponsored captive insurance company:

- (1) Must possess and maintain an unimpaired paid-in capital and surplus of at least \$500,000 and pay an annual minimum aggregate tax of \$750,000 in order to be issued a license. Each protected cell under a sponsoring captive insurance company is required to pay a portion of the tax as specified in the substitute based on the amount of premiums collected. The substitute reduces, from \$750,000 to \$500,000, the minimum amount of unimpaired paid-in capital and surplus that an association captive insurance company must possess and maintain in order to be issued a license;
- (2) Must be subject to the reporting and operational requirements of the department;
- (3) Can be sponsored by any person approved by the department director;
- (4) Can have an association, corporation, limited liability company, partnership, trust, and other business entity as a participant. A sponsor may be a participant in a sponsored captive insurance company;
- (5) Must comply with the specified investment requirements; and
- (6) Must have capital and surplus available at all times to pay any expenses of or claims against the sponsored captive insurance company. The assets of a protected cell cannot be used to pay any expense or claim other than those attributable to the protected

cell.

PROPONENTS: Supporters say that the bill will allow captive insurance companies to re-domicile in Missouri without high transaction costs and will expand the market for insurance in Missouri.

Testifying for the bill were Senator Rupp, Missouri Captive Insurance Association, Property Casualty Insurers Association of America, and Chris Faris, Missouri Society of Certified Public Accountants.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill were available to answer any questions.

Testifying on the bill was Department of Insurance, Financial Institutions and Professional Registration.