



SPONSOR: Sen. Mantzavinos & Rep. Bush
Sen. Walsh

DELAWARE STATE SENATE
152nd GENERAL ASSEMBLY

SENATE BILL NO. 249

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO CAPTIVE INSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 6905, Title 18, of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 6905. Minimum capital and surplus; letter of credit.

4 (a) No captive insurance company shall be issued a certificate of authority unless it shall possess and thereafter
5 maintain capital and surplus of:

6 (1) In the case of a pure captive insurance company, not less than \$250,000;

7 (2) In the case of an association captive insurance company, not less than \$750,000;

8 (3) In the case of an industrial insured captive insurance company, not less than \$500,000;

9 (4) In the case of an agency captive insurance company, not less than \$250,000;

10 (5) In the case of a risk retention group, not less than \$1,000,000;

11 (6) In the case of a sponsored captive insurance company, not less than \$500,000;

12 (7) In the case of a special purpose captive insurance company, not less than \$250,000 or such other amount
13 determined by the Commissioner;

14 (8) In the case of a branch captive insurance company, not less than \$250,000 or such other amount
15 determined by the Commissioner;

16 (9) In the case of a special purpose financial captive insurance company that is also a sponsored captive
17 insurance company, not less than \$500,000, and in the case of a special purpose financial captive insurance
18 company that is not also a sponsored captive insurance company, not less than \$250,000; and

19 (10) In the case of a series captive insurance company, the minimum capital and surplus shall be an amount
20 as specified by the Commissioner.

21 (b) In connection with the issuance of a certificate of authority, the Commissioner may prescribe additional
22 minimum capital and surplus based upon the type, volume, and nature of insurance business transacted.

23 (c) ~~(1)~~ Minimum capital and surplus described in ~~paragraphs (a)(1)-(9)~~ of this section shall be maintained in this
24 State and may be in the form of cash, an irrevocable letter of credit issued by a financial institution chartered by or
25 licensed or otherwise authorized to do banking business in this State, or by any other financial institution approved
26 by the Commissioner, or such other assets as may be approved by the Commissioner.

27 (2) Minimum capital and surplus described in this section held in the form of cash or other assets approved by
28 the Commissioner shall be maintained in a financial institution approved by the Commissioner and in compliance
29 with any condition imposed by the Commissioner.

30 (d) Notwithstanding the foregoing, the minimum capital and surplus funds may be proceeds received by the
31 captive insurance company resulting from the issuance by the captive insurance company of a surplus note as approved by
32 the Commissioner.

SYNOPSIS

This bill amends Chapter 69 of Title 18 relating to captive insurance to provide the Commissioner with additional flexibility to approve those types of financial institutions that would be authorized to hold required capital and surplus of captive insurance companies. This change would recognize the current financial environment and practices of financial institutions and captive insurers. Assets can be safely held in financial institutions other than banks and do not need to be held in Delaware in many circumstances where the type of risk does not require it, and the Commissioner will be authorized to impose additional conditions on captives related to capital and surplus to ensure the solvency and efficient operations of captives.

Author: Senator Mantzavinos