

Insurance and Real Estate Committee JOINT FAVORABLE REPORT

Bill No.: SB-1038

Title: AN ACT CONCERNING CAPTIVE INSURANCE COMPANIES.

Vote Date: 3/16/2023

Vote Action: Joint Favorable

PH Date: 2/21/2023

File No.:

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SPONSORS OF BILL:

Insurance and Real Estate Committee

REASONS FOR BILL:

This bill is based on recommendations from the Connecticut Department of Insurance regarding the oversight of captive insurance companies. Captive insurance companies are generally considered to be “self-insurance” for businesses. These captives insurance companies are generally owned and controlled by their insureds as opposed to a commercial insurer. Another aspect of this bill are sponsored captive insurance companies, which is a corporate entity formed by a sponsor with a core linked to several “protected cells.”

This bill makes three primary changes to the way that captive insurance companies are regulated at the request of the Connecticut Insurance Department. It exempts dormant captive insurance companies from the minimum premium tax that is normally applied to regularly operating captives, it permits protected cells of a sponsored captive insurance company to establish one or more separate accounts, and it expressly authorizes captive insurers to transfer risk using parametric contracts.

RESPONSE FROM ADMINISTRATION/AGENCY:

Connecticut Insurance Department, Legislative Liaison, Jim Carson: supports this bill and states that this bill would exempt a dormant captive insurer from the minimum premium tax that is generally applicable to captive insurers. It is further stated that this bill would permit protected cells of a sponsored captive insurance company to establish one of more separate accounts, which would allow for each protected cell to be afforded the same separate account flexibility as individual captive insurers. It is further stated that this bill would authorize captive insurers to transfer risk using parametric contracts

NATURE AND SOURCES OF SUPPORT:

None offered.

NATURE AND SOURCES OF OPPOSITION:

None offered.

Reported by: Justin Kaiser

Date: 3/30/2023