



MAKE  
NORTH  
CAROLINA  
HOME  
FOR YOUR  
CAPTIVE  
INSURANCE  
COMPANY

NC DEPARTMENT OF  
 **INSURANCE**  
— CAPTIVE INSURERS

NORTH CAROLINA DEPARTMENT OF INSURANCE  
Mike Causey, Commissioner  
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Raleigh, NC 27699-1201  
www.ncdoi.com



## N.C. Insurance Commissioner **MIKE CAUSEY**

North Carolina's captive insurance program is a success story that needs to be told. Since it began in 2013, the captive insurance program has continued to experience growth in the number of captive insurers forming and redomesticating to our state.

The success of our captive insurance program has occurred because of our prudent yet pro-business approach to regulation; the support of and participation by captive insurer owners, captive managers and other captive insurance service providers; and the contributions of the North Carolina Captive Insurance Association.

As a result, the captive insurance company industry has favorably impacted North Carolina's economy by creating jobs and generating premium tax revenue and business revenue.

North Carolina continues to prove to be a great place for captive insurers and we look forward to what is in store for the future as we continue to grow the captive insurer industry in our state.

A captive insurance company generally insures or reinsures the risks of its parent, affiliates or certain unrelated entities. It is an alternative to the traditional insurance market and is a risk management tool that can be designed to meet or help meet the risk management needs of its owners or members.

The North Carolina Captive Insurance Act allows for Pure, Association, Industrial Insured, Protected Cell, Special Purpose and Special Purpose Financial captive insurance companies, and Risk Retention Groups.

**THE INSURANCE COMMISSIONER, THE GENERAL ASSEMBLY AND THE NORTH CAROLINA CAPTIVE INSURANCE ASSOCIATION ARE COMMITTED TO MAKING NORTH CAROLINA A GREAT HOME FOR CAPTIVE INSURERS.**

You can rest assured that your needs will be addressed by a knowledgeable, experienced and responsive team of insurance professionals. We go out of our way to understand your needs and provide the best service possible.

Our goals are to accommodate the insurance needs of businesses, to attract new businesses to North Carolina, to create a positive impact on the state, and to become a respected and leading U.S. captive domicile.



COMMITTED



# COMPETITIVE

## **NORTH CAROLINA HAS A STATE-OF-THE-ART CAPTIVE INSURER LAW THAT ALLOWS FOR A LOW COST OF OPERATION FOR CAPTIVE INSURANCE COMPANIES.**

Reasonable capital requirements

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No NCDOL fees (except for special purpose financial captive insurers)

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No mandatory NCDOL audits

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Possible exemption from annual report requirements if the captive insurer is subject to the annual audit requirements

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Possible exemption from annual audit requirements for captive insurers writing less than \$1.2 million in premium

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Reasonable investment criteria

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No pre-approval required for auditors or actuaries

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Competitive premium tax rates with a \$100,000 premium tax cap (\$200,000 cap for protected cell captive insurers with 10 or more cells)

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**THE NC DEPARTMENT OF INSURANCE IS DEDICATED TO FACILITATING A FAST AND EFFICIENT LICENSING PROCESS FOR CAPTIVE INSURERS.**

There are no application fees and no mandatory NCDOI audits. Thinking about forming a captive insurer in North Carolina? It's easy:

**STEP 1 • SELF-ASSESSMENT**

If you are considering forming a captive insurance company, you should conduct some type of self-assessment to determine whether a captive insurance company is right for your business.

**STEP 2 • INITIAL DISCUSSION WITH NCDOI**

Call or email NCDOI to arrange a meeting or phone call to discuss the proposed captive insurer and obtain feedback. Prior to the meeting or phone call, a written summary of the proposed captive insurer should be provided to NCDOI for review. The level of detail needed in the summary will depend on the complexity of the proposed captive insurer.

**STEP 3 • PREPARE ORGANIZATION DOCUMENTS AND APPLICATION**

Using NCDOI's online captive insurer filing system, submit draft organization documents and application information for review and approval. Organization documents are to be filed with the North Carolina Secretary of State once approved and certified by the Insurance Commissioner. The online captive insurer filing system can be found at [www.nccaptives.com](http://www.nccaptives.com).



WITHOUT THE RED TAPE



## WHY NORTH CAROLINA?

**NORTH CAROLINA IS CONSISTENTLY NAMED ONE OF THE BEST BUSINESS CLIMATES IN THE UNITED STATES. AND WITH OUR BEAUTIFUL BEACHES, AWARD-WINNING GOLF COURSES AND SERENE MOUNTAINS AND VALLEYS, WE THINK YOU'LL FIND THE CLIMATE'S JUST RIGHT FOR WORK AND PLAY.**

In addition to our reasonable regulation, low cost of operation and knowledgeable regulatory team, here are few more reasons to make North Carolina your captive insurer's home:

- Central East Coast location, with the nation's 6th largest airplane hub and 2nd largest highway system
- Diverse geography and moderate climate allowing for a variety of outdoor recreation activities stretching from the mountains to the beach
- Cultural offerings, rich history and variety of arts, including everything from ballet and museums, to festivals and symphonies
- College and professional sports, including four universities in the Atlantic Coast Conference and NFL, NHL and NBA teams
- Nearly 50 motorsports racetracks featuring events such as the NASCAR Sprint All-Star Race and the Coca-Cola 600. Home of the NASCAR Hall of Fame
- More than 550 golf courses, including the famous Pinehurst No. 2, host of the 2014 U.S. Open Tournament
- Consistently ranked among the best business climates in the nation by Forbes, CNBC, Chief Executive and Site Selection

## THE NORTH CAROLINA CAPTIVE INSURANCE ACT ALLOWS FOR THE FOLLOWING TYPES OF CAPTIVE INSURANCE COMPANIES:

- **Pure Captive Insurance Company:** Insures risks of its affiliated companies.
- **Association Captive Insurance Company:** Insures risks of the member organizations of an association, their affiliated companies and the risks of the association itself.
- **Industrial Insured Captive Insurance Company:** Insures risks of an industrial insured group and its affiliated and controlled unaffiliated businesses. An industrial insured is an insured that procures the insurance of any risk or risks by use of the services of a full-time employee acting as an insurance manager or buyer, whose aggregate annual premiums for insurance on all risks is at least \$25,000 and who has at least 25 full-time employees.
- **Risk Retention Group:** Formed pursuant to the Liability Risk Retention Act of 1986, 15 U.S.C. §3901, et. seq. Risk retention groups are restricted to writing only liability coverage. A risk retention group, once licensed in one state, may operate nationwide provided it properly registers with all other states in which it proposes to solicit or write insurance.
- **Protected Cell Captive Insurance Company:** Consists of a core and an indefinite number of incorporated or unincorporated cells which are segregated from each other. Each cell has dedicated assets and liabilities ascribed to it, and the assets of an individual cell cannot be used to meet the liabilities of any other cell. This type of captive insurer is typically attractive to smaller organizations as an efficient and convenient risk management strategy, as it allows them to insure their own risk without establishing their own captive insurance company.
- **Special Purpose Captive Insurance Company:** Captive insurance company that does not meet the definition of any other type of captive insurance company already defined in Article 10 of Chapter 58 of the North Carolina General Statutes and is designated a special purpose captive insurance company by the Insurance Commissioner.
- **Special Purpose Financial Captive Insurance Company:** Formed to reinsure the risks of a parent or affiliate, usually a life insurance company. They issue reinsurance contracts to their parent or affiliate and then cede the risk to the capital markets by way of an insurance securitization.

## MINIMUM CAPITAL & SURPLUS REQUIREMENTS

CAPTIVE INSURER TYPE	MINIMUM REQUIREMENT
Pure	*\$250,000
Association	\$500,000
Industrial Insured	\$500,000
Risk Retention Group	\$1,000,000
Protected Cell	*\$250,000
Special Purpose	*\$250,000
Special Purpose Financial	\$250,000

*\* or such other amount as determined by the Insurance Commissioner*

## PREMIUM TAX RATES

DIRECT PREMIUMS COLLECTED	PREMIUM TAX RATE
Up to \$20,000,000	.4%
\$20,000,000 or more	.3%
ASSUMED REINSURANCE PREMIUMS COLLECTED	PREMIUM TAX RATE
Up to \$20,000,000	.225%
\$20,000,000 to \$40,000,000	.150%
\$40,000,000 to \$60,000,000	.050%
\$60,000,000 or more	.025%

*Minimum Premium Tax: \$5,000 (\$10,000 for protected cell captive insurers with more than 10 cells)*

*Maximum Premium Tax: \$100,000 (\$200,000 for protected cell captive insurers with more than 10 cells)*





# LET'S WORK TOGETHER...

**IF YOU ARE INTERESTED IN FORMING A CAPTIVE INSURANCE COMPANY IN NORTH CAROLINA, OR IF YOU HAVE ANY QUESTIONS ABOUT CAPTIVE INSURANCE, PLEASE CALL, EMAIL OR WRITE US AT THE NORTH CAROLINA DEPARTMENT OF INSURANCE. WE LOOK FORWARD TO HEARING FROM YOU!**

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**CALL**

Debbie Walker, Deputy Commissioner  
Captive Insurance Companies Division  
919.807.6165

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**CLICK**

[www.nccaptives.com](http://www.nccaptives.com)

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**EMAIL**

[debbie.walker@ncdoi.gov](mailto:debbie.walker@ncdoi.gov)

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**WRITE**

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