



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

**Bulletin No. FS-4C-22**

**November 14, 2022**

**To: ALL CAPTIVE INSURERS DOMICILED IN CONNECTICUT, CAPTIVE INSURERS NOT DOMICILED IN CONNECTICUT BUT DOING BUSINESS IN CONNECTICUT, BRANCH CAPTIVES LICENSED TO TRANSACT BUSINESS IN CONNECTICUT, AND RISK RETENTION GROUPS FORMED AS CAPTIVES DOING BUSINESS IN CONNECTICUT**

**Re: FINANCIAL FILING AND OTHER REQUIREMENTS**

### **Captive insurers domiciled in Connecticut**

Section 38a-91gg of the Connecticut General Statutes requires each captive insurance company domiciled or licensed in Connecticut (e.g., branch captive insurance companies) to file annual financial reports with the Insurance Commissioner. Such filings must be made with verification under oath from two executive officers of the captive. Financial statements and reports are due on the following dates unless the captive is permitted by 38a-91gg to file an application for an alternative date with the Insurance Department and the Commissioner has agreed to the alternative date.

<b>Type Defined in § 38a-91aa</b>	<b>Annual Filing Due Date</b>	<b>*Alternative Date, if Permitted</b>	<b>Accounting Basis</b>
Association Captive	March 1	Not Permitted	GAAP
Branch Captive	March 1	60 days after end of fiscal year	GAAP
Industrial Insured Captive	March 15	75 days after end of fiscal year	GAAP
Pure Captive	March 15	75 days after end of fiscal year	GAAP
Risk Retention Group	March 1	Not Permitted	GAAP
Special Purpose Financial Captive	March 1	60 days after end of fiscal year	Statutory
Sponsored Captive	March 1	Not Permitted	GAAP
Dormant Captive	March 15	75 days after end of fiscal year	GAAP
Agency Captive	March 1	75 days after end of fiscal year	GAAP

\*Applications for permission to file on a fiscal year basis will require a written request addressed to the State of Connecticut Insurance Commissioner, including the captive insurance company's fiscal year and a commitment to providing the financial report within 60 or 75 days after the end of their fiscal year, as applicable.

The *required annual financial statements* for all captives (except for dormant captives) must be certified by an independent public accountant and must include a statement of opinion on loss and loss adjustment expense reserves made by a member of the American Academy of Actuaries or a qualified loss reserve specialist. The statement of opinion on loss and loss adjustment expense reserves must accompany the unaudited financial report, due at the Connecticut Insurance Department, as prescribed in the above chart. Audited financial reports are due 5 months following the end of the captive insurance company's annual "calendar" or "fiscal" accounting period. Each association captive shall file its report in the form required by sections 38a-53 and 38a-53a. This form may also be used by pure, industrial risk insured, and special purpose captive insurance companies; alternatively, they may apply to the Commissioner for permission to file in an alternative form.

**Branch captives** must submit a copy of all reports and statements required to be filed by the jurisdiction in which the alien captive insurance company is formed. These must be filed with verification under oath by two executive officers of the alien captive insurance company. The Commissioner may waive the requirement for completion of the annual captive statement for business written in the alien jurisdiction if the reports and statements provided to the alien's domiciliary jurisdiction give adequate information concerning the financial condition of the alien captive insurance company. Filings made by alien companies in their domiciliary jurisdiction which provide the same essential information as is required in the reports filed by Connecticut domiciled captive insurers will generally be granted a waiver even if such information is presented in a different format.

## **Captive Insurers not domiciled in Connecticut but doing business in Connecticut**

Section 38a-91k of the Connecticut General Statutes requires a captive insurer that is domiciled in another state and offers, renews, or continues insurance in this state shall provide the information described in subdivisions (1) to (3), inclusive, of subsection (a) of section 38a-253 to the Insurance Commissioner in the same manner required for risk retention groups.

Providing the Insurance Commissioner with an electronic copy of the captive's annual financial statement in such form required by its domicile or other jurisdiction of domicile is deemed sufficient. The 2022 annual filings should be made within 75 days after the end of the captive's annual "calendar" or "fiscal" year or the reporting date required by the domicile, whichever is later.

For purposes of this section 38a-91k, "captive insurer" means an insurance company owned by another organization whose primary purpose is to insure risks of a parent organization or affiliated persons, as defined in section 38a-1, or in the case of groups and associations, an insurance organization owned by the insureds whose primary purpose is to insure risks of member organizations and group members and their affiliates.

Section 442 of the newly passed Public Act 22-118 authorizes a tax amnesty program for Connecticut captive insurance company's insureds that have not paid the non-admitted insurance premium tax under section 38a-277 of the general statutes. Eligibility for this program requires the captive insurance company's insured to (1) establish a branch captive insurance company in this state or transfer the domicile of its alien captive insurance company or foreign captive insurance company to this state and (2) pay Connecticut Department of Revenue Services ("DRS") all taxes and interest due

and outstanding for taxable periods ending on or after July 1, 2019, but before July 1, 2022. If such requirements are met by June 30, 2023, the DRS Commissioner shall waive any taxes, interest and penalties that would otherwise be due under section 38a-277 of the general statutes for any taxable period ending prior to July 1, 2019 and all penalties that would otherwise be due for any taxable period beginning on or after July 1, 2019, and ending prior to July 1, 2022. All tax filing related questions should be directed to DRS <https://portal.ct.gov/DRS/myconneCT/myconneCT> for guidance.

## Risk Retention Groups

The Liability Risk Retention Act of 1986 U.S.C. 3901et seq. (“LRRA”) requires that **each Risk Retention Group doing business as a registered (non-Connecticut domiciled and not Connecticut licensed) company in the State of Connecticut submit an electronic copy of the annual financial statement with the NAIC (including certification and actuarial opinion statements)** as described in Connecticut General Statutes, Section 38a-53, and this **must be submitted by March 1 of each year.**

**Each Risk Retention Group doing business as a Connecticut domiciled and State of Connecticut licensed company is required to submit an electronic copy of the annual financial statement with the NAIC, as above, and submit one electronic copy of the financial reporting statements (including certification and actuarial opinion statements)** with the Connecticut Insurance Department.

Each risk retention group is also required to submit quarterly financial statements, electronically filed with the National Association of Insurance Commissioners. Quarterly filings are to be made as follows:

<u>Quarter Ending</u>	<u>Due Date</u>
March 31, 2023	May 15, 2023
June 30, 2023	August 15, 2023
September 30, 2023	November 15, 2023

**Please refer to State of Connecticut Insurance Department Bulletin Number FS-4RR-22 for further information and clarification.**

All required filings need to be submitted electronically to: [CID.CaptiveFilings@ct.gov](mailto:CID.CaptiveFilings@ct.gov); Applications for deviations and requests for waivers may be made electronically to [CID.CaptiveRequests@ct.gov](mailto:CID.CaptiveRequests@ct.gov). Questions and additional requests for information should be directed to the Captive Division via e-mail: [Fenhua.Liu@ct.gov](mailto:Fenhua.Liu@ct.gov) or by phone to (860) 256-7925.



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Insurance Commissioner