



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Captive Insurance Company Corporate Governance Guidance

The Connecticut Insurance Department (“Department”) is committed to consistency and fairness in its review, regulation, and examination of captive insurance companies (“captives”) domiciled in the state. Strong corporate governance can increase the knowledge and participation of the governing body to advance internal accountability, legal compliance, and ethical behavior. It will be an integral part of both the **Application** and **Examination** processes.

The following represents the Department’s guidance for domestic captives other than risk retention groups:

- Board membership should include appropriate number of residents, “independent”, non-executive, and non-conflicted directors. **Board must consist of a minimum of three board members and one must be a resident of CT.**
- Board Meetings – minimum of once annually held in Connecticut (conference calls are sufficient during the pandemic).
- Each captive should file an annual unaudited financial report, an actuarial opinion and an annual audited report to the Department (see details: [Financial Reporting For CAPTIVE INSURERS \(Bulletin FS-4C-XX\)](#)) These reports, changes in the captive’s financial condition or management and any material transactions that occurred over the previous 12 months should be reviewed and discussed at the annual board meeting.
- The Department examines each captive every three to five years. The most recent examination results, the remedial actions the captive is taking in response to the examination’s findings and the progress being made to remediate those findings should be discussed at the board meeting.
- Each captive shall request for the department’s approvals for any material business changes such as loan backs and dividend distributions etc. Board members should discuss the request before it is submitted.
- Any current or prospective litigation, arbitration, mediation, or audit by a state or federal tax agency involving the captive should be discussed at the annual board meeting.
- The Department will review the minutes of each captive’s governing body for discussions of these significant topics during the examinations.
- The board is expected to interact and meet regularly with its committees to assess their performance and progress in leadership, operational excellence, and strategy implementation.
- Internal policies and procedures should be in place to address potential issues arising from the business conduct and unethical or fraudulent actions by board members, chief and senior executives, and staffs.
- New board members along with their biographic affidavit and any major changes to officers and service providers should be filed with the department.
- All books and records should be maintained with accurate and relevant information and be available in a timely manner.
- Ensure appropriate data protection and security of information management systems.
- Annual premium taxes must be paid by March 1 for direct and March 31st for assumed. Any questions on taxes should contact [CT Department of Revenue Services](#)

Questions should be directed to the Captive Insurance Division: [Fenhua.Liu@ct.gov](mailto:Fenhua.Liu@ct.gov) or (860)297-3935