

Connecticut State Legislature Adopts Captive Statute Modifications

Senate Bill 188, updating captive insurance statutes was passed the Connecticut State Senate on April 17th and the House of Representatives on April 28th. The bill was signed by Governor Malloy on May 12th, becoming effective on October 1, 2014.

The dynamic environment of insurance regulation requires a willingness to be flexible and modify existing laws and regulations with thoughtful deliberation. The Connecticut General Assembly did just that during this past Legislative session. Based on the recommendations from the Connecticut Insurance Department, legislators overwhelmingly approved [Senate Bill 188](#), thus adopting essential changes that ease re-domestication and strengthen the growing captive insurance market in Connecticut.

The latest legislation was built on the solid foundation of what Connecticut policymakers established several years ago. Its passage is sending a strong message throughout the industry, signaling that Connecticut is responsive to the needs of this ever evolving industry.

Senate Bill 188 contains updates to Connecticut's existing Captive Statutes that include:

- Clarification to definition of private passenger motor vehicle insurance provided by a captive insurance company,
- Provisions and processes for transfer of domicile (re-domestication) for captive insurance companies,
- Discretionary authority for evaluating credit for existing reinsurance placements, made by re-domiciling captive insurance companies,
- Establishment and purpose of a branch captive insurance company, and
- Clarification of applicability of holding company legislation to captive insurance companies.

Insurance Commissioner Thomas B. Leonardi commended lawmakers for their strong support. Leonardi said, "This legislation helps strengthen the state's growing captive insurance industry. A proven risk management tool for businesses of all sizes and orientations, captive insurance companies allow employers [captive owners] to control their costs, reinvest in their business and grow their employment base."

The captive insurance environment in Connecticut is growing by being vibrant and responsive. More importantly however, businesses and organizations in this state who manage their strategies and capital through captive insurance vehicles, can attract and maintain a qualified and productive workforce, they can add jobs as they grow. This is the real impact and contribution to the Connecticut economy.

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