



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Connecticut Captive Insurance Domicile Guide

May 25, 2022

Since 1810, when the first US insurance company was founded in Hartford, Connecticut, the state has maintained a strong and well-earned reputation as the insurance capital of the world.

Approximately 1,500 insurance companies write over \$40 billion in premiums in Connecticut and are available to captives for fronting, reinsuring, and professional services. Connecticut has many large captives with complex transactions. Eleven captives owned by Fortune 500 companies are domiciled in Connecticut.

Connecticut is the only state with commercial insurance, captives, InsurTechs, modern captive laws, great location, low regulatory fees, and responsive and experienced captive regulators and service providers for the captive industry to grow.

The insurance commissioner has the appropriate level of discretion to regulate captives according to their unique risk profile.

The Insurance Department has modernized the captive application process and shortened the turnaround time for all requests.

The Insurance Department makes quick decisions and processes requests efficiently using a principled and risk-based regulatory approach.

Connecticut has no other fees beyond a one-time \$800 application fee, a \$375 annual licensing fee, and nominal fees paid to the Connecticut Secretary of the State's office for corporate filings. The insurance department has in-house career experts for reviews and approvals of requests and avoids using consultants thereby saving captive owners money and time. The insurance department has completed nine captive examinations without charging fees.

Connecticut passed new captive legislation in May 2022. Please click [here](#) for more information.

Connecticut waives penalties on outstanding liabilities for CT insureds that have not paid the non-admitted insurance premium tax and who establish a branch captive in CT or re-domicile a foreign or alien captive to CT not later than June 30, 2023 and pays all taxes and interest due and outstanding for taxable periods ending on or after July 1, 2019, but before July 1, 2022.

Effective July 1, 2022, Connecticut requires financial examinations at least one every five years and, for pure captives or a branch captive of pure captives, permits the Commissioner to waive the necessity to examine the insurer every five years.

Connecticut licenses all types of captives with the minimum capital requirements:

- Pure: USD 50,000, or an amount the commissioner determines is necessary for the captive to meet its obligations.
- Sponsored (protected cells): USD 75,000 for general account, or an amount the commissioner determines is necessary for the captive to meet its obligations; no minimum for cells. Capital depends on risks taken.
- Branch: USD 50,000, or an amount the commissioner determines is necessary for the captive to meet its obligations.
- Sponsored captive licensed as a special purpose financial: USD 250,000, or an amount the commissioner determines is necessary for the captive to meet its obligations.
- Special purpose financial: USD 250,000, or an amount the commissioner determines is necessary for the captive to meet its obligations.
- Association: USD 250,000, or an amount the commissioner determines is necessary for the captive to meet its obligations.
- Agency: USD 250,000, or an amount the commissioner determines is necessary for the captive to meet its obligations.
- Industrial insured: USD 250,000, or an amount the commissioner determines is necessary for the captive to meet its obligations.
- Risk retention group: USD 1,000,000.
- Dormant: USD 15,000.

For captives other than organized as risk retention groups, the insurance commissioner has the discretion to allow less than the minimum required capital according to the type, volume and nature of the insurance or reinsurance business.

Connecticut captive insurance company premium tax rates are as follows:

- USD 0-20 million: 0.38 per cent, direct; 0.214 per cent, assumed
- USD 20 - 40 million: 0.285 per cent, direct; 0.143 per cent, assumed
- USD 40 - 60 million: 0.19 per cent, direct; 0.048 per cent, assumed
- USD 60 million or more: 0.072 per cent, direct; 0.024 per cent, assumed

Connecticut offers the first-year premium tax credit of USD 7,500. Tax must be at least USD 7,500 and shall not exceed USD 200,000. For example, a captive writing premium USD 30 million for direct or USD 142 million for assumed will pay about USD 100,000 premium tax in Connecticut.

All tax related questions should be directed to your tax attorney or the Connecticut Department of Revenue Services: <https://portal.ct.gov/DRS/myconneCT/myconneCT>.

For questions on captive licensing, please contact Fenhua.liu@ct.gov or (860)256-7925.