



**STATE OF CONNECTICUT**  
*INSURANCE DEPARTMENT*

## Connecticut Captive Insurance Legislative Changes

Effective Date: July 1, 2022

HB 5506: Line 16251 (Page 584) to Line 17012 (Page 609)

<https://www.cga.ct.gov/2022/TOB/H/PDF/2022HB-05506-R00-HB.PDF#page=584>

### Summary

1. Amends definitions: “association” to remove entity existence time requirement; “branch captive insurance company” to include foreign captives; “controlled unaffiliated business” to add sponsored captive insurers; adds “foreign captive insurance company”; “participant” to include any controlled unaffiliated business; and makes various technical changes to other definitions.
2. Establishes a 3-year look-back and waiver of 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.
3. Makes technical changes regarding foreign branch captives.
4. Makes technical changes adding references to foreign captives.
5. Revises language governing reports for alien or foreign branch captives.
6. Lowers capital and surplus requirements for pure captives, association captives, industrial insured captives, sponsored captives, special purpose financial captives, agency captives and branch captives, but gives authority to the Commissioner to impose a higher level of capital and surplus if necessary, to meet policy obligations; adds provisions regarding branch captive assets.

[www.ct.gov/cid](http://www.ct.gov/cid)

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<b>Captive Type</b>	<b>Current Law</b>	<b>HB 5506</b>
Pure or Branch Captive	\$250,000	The greater of \$50,000 or an amount the commissioner determines is necessary for the captive to meet its obligations
Association, Industrial, or Agency Captive	\$500,000	The greater of \$250,000 or an amount the commissioner determines is necessary for the captive to meet its obligations
Sponsored Captive	\$225,000	The greater of \$75,000 or an amount the commissioner determines is necessary for the captive to meet its obligations
Special Purpose Captive	\$250,000	The greater of \$250,000 or an amount the commissioner determines is necessary for the captive to meet its obligations
Sponsored Captive licensed as a Special Purpose Captive	\$500,000	The greater of \$250,000 or an amount the commissioner determines is necessary for the captive to meet its obligations

7. Requires financial examinations at least one every five years instead of every three 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.

8. Makes technical changes to the Commissioner’s authority to adopt regulations.

9. Changes the renewal period for a certificate of dormancy from every two years to every five years; lowers amount of capital and surplus a dormant captive insurer must maintain; corrects a technical error regarding the due date of dormant insurer’s annual financial report.

10. Removes the limitation of a captive to assume reinsurance only on risks that such captive is authorized to write directly.

All tax filing 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 or re-domestications, please contact [Fenhua.liu@ct.gov](mailto:Fenhua.liu@ct.gov) or (860)256-7925.