

**Senate Bill No. 93**

(By Senator Minard)

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[Introduced January 15, 2007; referred to the Committee on Banking and Insurance; and then to the Committee on Finance.]

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A BILL to amend and reenact §33-31-1, §33-31-2, §33-31-4, §33-31-6 and §33-31-8 of the Code of West Virginia, 1931, as amended; and to amend said code by adding thereto three new sections, designated §33-31-26, §33-31-27 and §33-31-28, all relating to captive insurance companies; providing for sponsored captive insurance companies; requiring qualifications of sponsors; and providing criteria for participation in sponsored captive insurance companies.

*Be it enacted by the Legislature of West Virginia:*

That §33-31-1, §33-31-2, §33-31-4, §33-31-6 and §33-31-8 of the Code of West Virginia, 1931, as amended, be amended and reenacted; and that said code be amended by adding thereto three new sections, designated §33-31-26, §33-31-27 and §33-31-28, all to read as follows:

**ARTICLE 31. CAPTIVE INSURANCE.****§33-31-1. Definitions.**

As used in this chapter, unless the context requires otherwise:

- (1) "Affiliated company" means any company in the same corporate system as a parent, an industrial insured or a member organization by virtue of common ownership, control, operation or management.
- (2) "Alien captive insurance company" means any insurance company formed to write insurance business for its parents and affiliates and licensed pursuant to the laws of a country other than the United States which imposes statutory or regulatory standards in a form acceptable to the commissioner on companies transacting the business of insurance in such jurisdiction.
- (3) "Association" means any legal association of individuals, corporations, limited liability companies, partnerships, associations or other entities that has been in continuous existence for at least one year, the member organizations of which, or which does itself, whether or not in conjunction with some or all of the member organizations:
  - (A) Own, control or hold with power to vote all of the outstanding voting securities of an association captive insurance company incorporated as a stock insurer;
  - (B) Have complete voting control over an association captive insurance company incorporated as a mutual insurer; or

- (C) Constitute all of the subscribers of an association captive insurance company formed as a reciprocal insurer.
- (4) "Association captive insurance company" means any company that insures risks of the member organizations of the association, and their affiliated companies.
- (5) "Branch business" means any insurance business transacted by a branch captive insurance company in this state.
- (6) "Branch captive insurance company" means any alien captive insurance company licensed by the commissioner to transact the business of insurance in this state through a business unit with a principal place of business in this state.
- (7) "Branch operations" means any business operations of a branch captive insurance company in this state.
- (8) "Captive insurance company" means any pure captive insurance company, association captive insurance company, sponsored captive insurance company, industrial insured captive insurance company or risk retention group formed or licensed under the provisions of this chapter. For purposes of this chapter, a branch captive insurance company shall be a pure captive insurance company with respect to operations in this state, unless otherwise permitted by the commissioner.
- (9) "Commissioner" means the Insurance Commissioner of West Virginia.
- (10) "Controlled unaffiliated business" means any company:
- (A) That is not in the corporate system of a parent and affiliated companies;
  - (B) That has an existing contractual relationship with a parent or affiliated company; and
  - (C) Whose risks are managed by a pure captive insurance company in accordance with section nineteen of this article.
- (11) "Industrial insured" means an insured:
- (A) Who procures the insurance of any risk or risks by use of the services of a full-time employee acting as an insurance manager or buyer;
  - (B) Whose aggregate annual premiums for insurance on all risks total at least twenty-five thousand dollars; and
  - (C) Who has at least twenty-five full-time employees.
- (12) "Industrial insured captive insurance company" means any company that insures risks of the industrial insureds that comprise the industrial insured group and their affiliated companies.
- (13) "Industrial insured group" means any group of industrial insureds that collectively:
- (A) Own, control or hold with power to vote all of the outstanding voting securities of an industrial insured captive insurance company incorporated as a stock insurer;
  - (B) Have complete voting control over an industrial insured captive insurance company incorporated as a mutual insurer; or
  - (C) Constitute all of the subscribers of an industrial insured captive insurance company formed as a reciprocal insurer; or
  - (D) Any group which is created under the Product Liability Risk Retention Act of 1986, 15 U.S.C. §3901 et seq., as amended, as a corporation or other limited liability association taxable as a stock insurance company or a mutual insurer under the law of the State of West Virginia.
- (14) "Member organization" means any individual, corporation, limited liability company, partnership, association or other entity that belongs to an association.
- (15) "Mutual corporation" means a corporation organized without stockholders and includes a

nonprofit corporation with members.

(16) "Parent" means a corporation, limited liability company, partnership, other entity, or individual that directly or indirectly owns, controls or holds with power to vote more than fifty percent of the outstanding voting:

(A) Securities of a pure captive insurance company organized as a stock corporation; or

(B) Membership interests of a pure captive insurance company organized as a nonprofit corporation.

(17) "Participant" means an entity as defined in section twenty-three of this article, and any affiliates thereof, that are insured by a sponsored captive insurance company, where the losses of the participant are limited through a participant contract to the participant's pro rata share of the assets of one or more protected cells identified in the participant contract.

(18) "Participant contract" means a contract by which a sponsored captive insurance company insures the risks of a participant and limits the losses of each participant to its pro rata share of the assets of one or more protected cells identified in the participant contract.

(19) "Protected cell" means a separate account established by a sponsored captive insurance company formed or licensed under the provisions of this chapter, in which assets are maintained for one or more participants in accordance with the terms of one or more participant contracts to fund the liability of the sponsored captive insurance company to such participants as set forth in such participant contracts.

~~(17)~~ (20) "Pure captive insurance company" means any company that insures risks of its parent and affiliated companies or controlled unaffiliated business.

~~(18)~~ (21) "Risk retention group" means a captive insurance company organized under the laws of this state pursuant to the Liability Risk Retention Act of 1986, 15 U.S.C. §3901, et seq., as amended, as a stock or mutual corporation, a reciprocal or other limited liability entity.

(22) "Sponsor" means any entity that meets the requirement of section twenty-two of this article and is approved by the commissioner to provide all or part of the capital and surplus required by applicable law and to organize and operate a sponsored captive insurance company.

(23) "Sponsored captive insurance company" means any captive insurance company:

(A) In which the minimum capital and surplus required by applicable law is provided by one or more sponsors;

(B) That is formed or licensed under the provisions of this chapter;

(C) That insures the risks of separate participants through participant contracts; and

(D) That funds its liability to each participant through one or more protected cells and segregates the assets of each protected cell from the assets of other protected cells and from the assets of the sponsored captive insurance company's general account.

### **§33-31-2. Licensing; authority.**

(a) Any captive insurance company, when permitted by its articles of association, charter or other organizational document, may apply to the commissioner for a license to do any and all insurance comprised in section ten, article one of this chapter except as indicated in subdivision (4), subsection (a) of this section: *Provided*, That all captive insurance companies, except pure captive insurance companies, shall maintain their principal office and principal place of business in this state: *Provided, however*, That:

(1) No pure captive insurance company may insure any risks other than those of its parent and affiliated companies or controlled unaffiliated business;

- (2) No association captive insurance company may insure any risks other than those of the member organizations of its association, and their affiliated companies;
- (3) No industrial insured captive insurance company may insure any risks other than those of the industrial insureds that comprise the industrial insured group, and their affiliated companies;
- (4) No risk retention group may insure any risks other than those of its members and owners;
- (5) No captive insurance company may provide personal motor vehicle or homeowner's insurance coverage or any component thereof;
- (6) No captive insurance company may accept or cede reinsurance except as provided in section eleven of this article;
- (7) Any captive insurance company may provide excess workers' compensation insurance to its parent and affiliated companies, unless prohibited by the federal law or laws of the state having jurisdiction over the transaction. Any captive insurance company, unless prohibited by federal law, may reinsure workers' compensation of a qualified self-insured plan of its parent and affiliated companies; and
- (8) No branch captive insurance company may write any business in this state except insurance or reinsurance of the employee benefit business which is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended;
- (9) No sponsored captive insurance company may insure any risks other than those of its participants; and
- ~~(8)~~ (10) Any captive insurance company which insures risks described in subsections (a) and (b) of section ten, article one of this chapter shall comply with all applicable state and federal laws.
- (b) No captive insurance company may do any insurance business in this state unless:
- (1) It first obtains from the commissioner a license authorizing it to do insurance business in this state;
- (2) Its board of directors, or, in the case of a reciprocal insurer, its subscribers' advisory committee, holds at least one meeting each year in this state; ~~and~~
- (3) It maintains its principal place of business in this state, or in the case of a branch captive insurance company, maintains the principal place of business for its branch operations in this state; and
- ~~(3)~~ (4) It appoints a registered agent to accept service of process and to otherwise act on its behalf in this state: *Provided*, That whenever such registered agent cannot with reasonable diligence be found at the registered office of the captive insurance company, the Secretary of State shall be an agent of such captive insurance company upon whom any process, notice, or demand may be served.
- (c) (1) Before receiving a license, a captive insurance company shall:
- (A) File with the commissioner a certified copy of its organizational documents, a statement under oath of its president and secretary showing its financial condition, and any other statements or documents required by the commissioner; and
- (B) Submit to the commissioner for approval a description of the coverages, deductibles, coverage limits and rates, together with such additional information as the commissioner may reasonably require. In the event of any subsequent material change in any item in such description, the captive insurance company shall submit to the commissioner for approval an appropriate revision and shall not offer any additional kinds of insurance until a revision of such description is approved by the

commissioner. The captive insurance company shall inform the commissioner of any material change in rates within thirty days of the adoption of such change.

(2) Each applicant captive insurance company shall also file with the commissioner evidence of the following:

(A) The amount and liquidity of its assets relative to the risks to be assumed;

(B) The adequacy of the expertise, experience and character of the person or persons who will manage it;

(C) The overall soundness of its plan of operation;

(D) The adequacy of the loss prevention programs of its insureds; and

(E) Such other factors deemed relevant by the commissioner in ascertaining whether the proposed captive insurance company will be able to meet its policy obligations.

(F) In addition to the information required by this section, each applicant sponsored captive insurance company shall file with the commissioner the following:

(i) A business plan demonstrating how the applicant will account for the loss and expense experience of each protected cell at a level of detail found to be sufficient by the commissioner and how it will report such experience to the commissioner;

(ii) A statement acknowledging that all financial records of the sponsored captive insurance company, including records pertaining to any protected cells, shall be made available for inspection or examination by the commissioner or the commissioner's designated agent;

(iii) All contracts or sample contracts between the sponsored captive insurance company and any participants; and

(iv) Evidence that expenses shall be allocated to each protected cell in a fair and equitable manner.

(3) Information submitted pursuant to this subsection shall be and remain confidential and may not be made public by the commissioner or an employee or agent of the commissioner without the written consent of the company, except that:

(A) Such information may be discoverable by a party in a civil action or contested case to which the captive insurance company that submitted such information is a party, upon a showing by the party seeking to discover such information that:

(i) The information sought is relevant to and necessary for the furtherance of such action or case;

(ii) The information sought is unavailable from other nonconfidential sources; and

(iii) A subpoena issued by a judicial or administrative officer of competent jurisdiction has been submitted to the commissioner: *Provided*, That the provisions of subdivision (3) of this subsection shall not apply to any industrial insured captive insurance company insuring the risks of an industrial insured group or risk retention group; and

(B) The commissioner may, in the commissioner's discretion, disclose such information to a public officer having jurisdiction over the regulation of insurance in another state, if:

(i) The public official shall agree in writing to maintain the confidentiality of such information; and

(ii) The laws of the state in which such public official serves require such information to be and to remain confidential.

(d) Each captive insurance company shall pay to the commissioner a nonrefundable fee of two hundred dollars for examining, investigating and processing its application for license, and the commissioner is authorized to retain legal, financial and examination services from outside the department, the reasonable cost of which may be charged against the applicant. The provisions of

subsection (r), section nine, article two of this chapter shall apply to examinations, investigations and processing conducted under the authority of this section. In addition, each captive insurance company shall pay a license fee for the year of registration and a renewal fee for each year thereafter of three hundred dollars.

(e) If the commissioner is satisfied that the documents and statements that such captive insurance company has filed comply with the provisions of this chapter, the commissioner may grant a license authorizing it to do insurance business in this state until April first, thereafter, which license may be renewed.

**§33-31-4. Minimum capital and surplus; letter of credit.**

(a) No captive insurance company shall be issued a license unless it shall possess and thereafter maintain unimpaired paid-in capital of:

- (1) In the case of a pure captive insurance company, not less than one hundred thousand dollars capital and one hundred fifty thousand dollars surplus;
- (2) In the case of an association captive insurance company, incorporated as a stock insurer, not less than three hundred fifty thousand dollars;
- (3) In the case of an industrial insured captive insurance company, not less than two hundred fifty thousand dollars;
- (4) In the case of a risk retention group, not less than five hundred thousand dollars; and
- (5) In the case of a sponsored captive insurance company, not less than two hundred fifty thousand dollars.

(b) No captive insurance company, organized as a reciprocal insurer under this chapter may ~~shall~~ be issued a license unless it possesses and thereafter maintains unimpaired paid-in surplus of:

- (1) In the case of a pure captive insurance company, not less than one hundred fifty thousand dollars;
- (2) In the case of an association captive insurance company, not less than three hundred fifty thousand dollars;
- (3) In the case of an industrial insured captive insurance company, not less than two hundred fifty thousand dollars;
- (4) In the case of a risk retention group, not less than five hundred thousand dollars; and
- (5) In the case of a sponsored captive insurance company, not less than two hundred fifty thousand dollars.

(c) The commissioner may prescribe additional capital and surplus based upon the type, volume, and nature of insurance business transacted.

(d) Capital and surplus may be in the form of cash or an irrevocable letter of credit issued by a bank chartered by the State of West Virginia or a member bank of the Federal Reserve System and approved by the commissioner.

(e) In the case of a branch captive insurance company, as security for the payment of liabilities attributable to the branch operations, the commissioner shall require that a trust fund, funded by an irrevocable letter of credit or other acceptable asset, be established and maintained in the United States for the benefit of United States policyholders and United States ceding insurers under insurance policies issued or reinsurance contracts issued or assumed, by the branch captive insurance company through its branch operations. The amount of such security may be no less than the capital and surplus required hereunder and the reserves on such insurance policies or such

reinsurance contracts, including reserves for losses, allocated loss adjustment expenses, incurred but not reported losses and unearned premiums with regard to business written through the branch operations; however, the commissioner may permit a branch captive insurance company that is required to post security for loss reserves on branch business by its reinsurer to reduce the funds in the trust account required by this section by the same amount so long as the security remains posted with the reinsurer. If the form of security selected is a letter of credit, the letter of credit must be established by, or issued or confirmed by, a bank chartered in this state or a member bank of the Federal Reserve System and approved by the commissioner.

**§33-31-6. Formation of captive insurance companies in this state.**

- (a) A pure captive insurance company may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders, or as a nonprofit corporation with one or more members.
- (b) An association captive insurance company or an industrial insured captive insurance company may be:
- (1) Incorporated as a stock insurer with its capital divided into shares and held by the stockholders;
  - (2) Incorporated as a mutual insurer without capital stock, the governing body of which is elected by its insureds; or
  - (3) Organized as a reciprocal insurer in accordance with article twenty-one of this chapter.
- (c) A captive insurance company incorporated or organized in this state shall have not less than three incorporators or three organizers of whom not less than one shall be a resident of this state.
- (d) In the case of a captive insurance company:
- (1) (A) Formed as a corporation the incorporators shall petition the commissioner to issue a certificate setting forth the commissioner's finding that the establishment and maintenance of the proposed corporation will promote the general good of the state. In arriving at such a finding the commissioner shall consider:
    - (i) The character, reputation, financial standing and purposes of the incorporators;
    - (ii) The character, reputation, financial responsibility, insurance experience and business qualifications of the officers and directors; and
    - (iii) Such other aspects as the commissioner shall deem advisable.
 (B) The articles of incorporation, such certificate, and the organization fee shall be transmitted to the Secretary of State, who shall thereupon record both the articles of incorporation and the certificate.
    - (2) Formed as a reciprocal insurer, the organizers shall petition the commissioner to issue a certificate setting forth the commissioner's finding that the establishment and maintenance of the proposed association will promote the general good of the state. In arriving at such a finding the commissioner shall consider: The items set forth in subparagraphs (i), (ii) and (iii), paragraph (A), subdivision (1) of this subsection:
      - (A) The character, reputation, financial standing and purposes of the organizers;
      - (B) The character, reputation, financial responsibility, insurance experience, and business qualifications of the attorney-in-fact; and
      - (C) Any other aspects as the commissioner considers advisable.
    - (3) Licensed as a branch captive insurance company, the alien captive insurance company shall petition the commissioner to issue a certificate setting forth the commissioner's finding that, after

considering the character, reputation, financial responsibility, insurance experience, and business qualifications of the officers and directors of the alien captive insurance company, the licensing and maintenance of the branch operations will promote the general good of the state. The alien captive insurance company may register to do business in this state after the commissioner's certificate is issued.

(e) The capital stock of a captive insurance company incorporated as a stock insurer may be authorized with no par value.

(f) In the case of a captive insurance company:

(1) Formed as a corporation, at least one of the members of the board of directors shall be a resident of this state; and

(2) Formed as a reciprocal insurer, at least one of the members of the subscribers' advisory committee shall be a resident of this state.

(g) Other than captive insurance companies formed as nonprofit corporations under chapter thirty-one-e of this code, captive insurance companies formed as corporations under the provisions of this article shall have the privileges and be subject to the provisions of the general corporation law as well as the applicable provisions contained in this chapter. In the event of conflict between the provisions of said general corporation law and the provisions of this chapter, the latter shall control.

(h) Captive insurance companies formed as nonprofit corporations under the provisions of this article shall have the privileges and be subject to the provisions of chapter thirty-one-e of this code as well as the applicable provisions contained in this chapter. In the event of conflict between the provisions of chapter thirty-one-e of this code and the provisions of this chapter, the latter shall control.

(i) The provisions of sections twenty-five, twenty-seven and twenty-eight, article five of this chapter and section three, article twenty-seven of this chapter, pertaining to mergers, consolidations, conversions, mutualizations, redomestications and mutual holding companies, shall apply in determining the procedures to be followed by captive insurance companies in carrying out any of the transactions described therein, except that:

(1) The commissioner may waive or modify the requirements for public notice and hearing in accordance with rules which the commissioner may adopt addressing categories of transactions. If a notice of public hearing is required, but no one requests a hearing, then the commissioner may cancel the hearing; and

(2) An alien insurer may be a party to a merger authorized under this subsection: *Provided*, That the requirements for a merger between a captive insurance company and a foreign insurer under section twenty-five, article five of this chapter shall apply to a merger between a captive insurance company and an alien insurer under this subsection. Such alien insurer shall be treated as a foreign insurer under section twenty-five, article five of this chapter and such other jurisdictions shall be the equivalent of a state for purposes of section twenty-five, article five of this chapter.

(j) Captive insurance companies formed as reciprocal insurers under the provisions of this chapter shall have the privileges and be subject to the provisions of article twenty-one of this chapter in addition to the applicable provisions of this chapter. In the event of a conflict between the provisions of article twenty-one of this chapter and the provisions of this chapter, the latter shall control. To the extent a reciprocal insurer is made subject to other provisions of this chapter pursuant to article twenty-one of this chapter, such provisions shall not be applicable to a reciprocal



insurer formed under this chapter unless such provisions are expressly made applicable to captive insurance companies under this chapter.

(k) The articles of incorporation or bylaws of a captive insurance company formed as a corporation may authorize a quorum of its board of directors to consist of no fewer than one third of the fixed or prescribed number of directors determined under section eight hundred twenty-four, article eight, chapter thirty-one-e of this code.

(l) The subscribers' agreement or other organizing document of a captive insurance company formed as a reciprocal insurer may authorize a quorum of its subscribers' advisory committee to consist of no fewer than one third of the number of its members.

### **§33-31-8. Examinations and investigations.**

(a) At least once in five years, and whenever the commissioner determines it to be prudent, the commissioner shall personally, or by some competent person appointed by the commissioner, visit each captive insurance company and thoroughly inspect and examine its affairs to ascertain its financial condition, its ability to fulfill its obligations and whether it has complied with the provisions of this chapter. The captive insurance company shall be subject to the provisions of section nine, article two of this chapter in regard to the expense and conduct of the examination.

(b) All examination reports, preliminary examination reports or results, working papers, recorded information, documents and copies thereof produced by, obtained by or disclosed to the commissioner or any other person in the course of an examination made under this section are confidential and are not subject to subpoena and may not be made public by the commissioner or an employee or agent of the commissioner without the written consent of the company, except to the extent provided in this subsection. Nothing in this subsection shall prevent the commissioner from using such information in furtherance of the commissioner's regulatory authority under this title. The commissioner may, in the commissioner's discretion, grant access to such information to public officers having jurisdiction over the regulation of insurance in any other state or country, or to law-enforcement officers of this state or any other state or agency of the federal government at any time, so long as such officers receiving the information agree in writing to hold it in a manner consistent with this section.

(c) (1) The provisions of this section shall apply to all business written by a captive insurance company: *Provided*, That the examination for a branch captive insurance company shall be of branch business and branch operations only, as long as the branch captive insurance company provides annually to the commissioner a certificate of compliance, or its equivalent, issued by or filed with the licensing authority of the jurisdiction in which the branch captive insurance company is formed, and demonstrates to the commissioner's satisfaction that it is operating in sound financial condition in accordance with all applicable laws and regulations of such jurisdiction.

(2) As a condition of licensure, the alien captive insurance company must grant authority to the commissioner for examination of the affairs of the alien captive insurance company in the jurisdiction in which alien captive insurance company is formed.

### **§33-31-26. Sponsored captive insurance companies.**

(a) One or more sponsors may form a sponsored captive insurance company under this chapter.

(b) A sponsored captive insurance company formed or licensed under the provisions of this chapter may establish and maintain one or more protected cells to insure risks of one or more participants, subject to the following conditions:

- (1) The shareholders of a sponsored captive insurance company shall be limited to its participants and sponsors;
- (2) Each protected cell shall be accounted for separately on the books and records of the sponsored captive insurance company to reflect the financial condition and results of operations of the protected cell, net income or loss, dividends or other distributions to participants, and any other factors as may be provided in the participant contract or required by the commissioner;
- (3) The assets of a protected cell shall not be chargeable with liabilities arising out of any other insurance business the sponsored captive insurance company may conduct;
- (4) No sale, exchange or other transfer of assets may be made by such sponsored captive insurance company between or among any of its protected cells without the consent of such protected cells;
- (5) No sale, exchange, transfer of assets, dividend or distribution may be made from a protected cell to a sponsor or participant without the commissioner's approval and in no event may such approval be given if the sale, exchange, transfer, dividend or distribution would result in insolvency or impairment with respect to a protected cell;
- (6) Each sponsored captive insurance company shall annually file with the commissioner any financial reports that the commissioner shall require, which shall include, without limitation, accounting statements detailing the financial experience of each protected cell;
- (7) Each sponsored captive insurance company shall notify the commissioner in writing within ten business days of any protected cell that is insolvent or otherwise unable to meet its claim or expense obligations;
- (8) No participant contract shall take effect without the commissioner's prior written approval, and the addition of each new protected cell and withdrawal of any participant of any existing protected cell shall constitute a change in the business plan requiring the commissioner's prior written approval; and
- (9) The business written by a sponsored captive, with respect to each cell, shall be:
  - (A) Fronted by an insurance company licensed under the laws of any state;
  - (B) Reinsured by a reinsurer authorized or approved by the State of West Virginia; or
  - (C) Secured by a trust fund in the United States for the benefit of policyholders and claimants funded by an irrevocable letter of credit or other asset that is acceptable to the commissioner. The amount of security provided by a trust fund shall be no less than the reserves associated with those liabilities which are neither fronted nor reinsured, including reserves for losses, allocated loss adjustment expenses, incurred but not reported losses and unearned premiums for business written through the participant's protected cell. The commissioner may require the sponsored captive to increase the funding of any trust as established under this subdivision. If the form of security in the trust is a letter of credit, the letter of credit must be established, issued or confirmed by a bank chartered in this state, a member of the Federal Reserve System, or a bank chartered by another state if such state chartered bank is acceptable to the commissioner. A trust and trust instrument maintained pursuant to this subdivision shall be established in a form and upon such terms approved by the commissioner.

### **§33-31-27. Qualification of sponsors.**

A sponsor of a sponsored captive insurance company must be an insurer licensed under the laws of any state, a reinsurer authorized or approved under the laws of any state or a captive insurance company formed or licensed under this chapter. A risk retention group shall not be either a sponsor

or a participant of a sponsored captive insurance company.

**§33-31-28. Participants in sponsored captive insurance companies.**

- (a) Associations, corporations, limited liability companies, partnerships, trusts and other business entities may be a participant in any sponsored captive insurance company formed or licensed under this chapter.
- (b) A sponsor may be a participant in a sponsored captive insurance company.
- (c) A participant need not be a shareholder of the sponsored captive insurance company or any affiliate thereof.
- (d) A participant may insure only its own risks through a sponsored captive insurance company.

NOTE: The purpose of this bill is to define and include provisions concerning sponsored captive insurance companies. The bill further requires sponsors to have qualifications while providing that only certain licensed or approved insurers may sponsor a sponsored captive insurance company under the provisions of this bill.

Strike-through indicates language that would be stricken from the present law, and underscoring indicates new language that would be added.

§§33-31-26 through 28 are new; therefore, strike-throughs and underscoring have been omitted.