



SPONSOR: Rep. Paradee & Sen. Bushweller
Rep. Spiegelman; Sen. Ennis

HOUSE OF REPRESENTATIVES
149th GENERAL ASSEMBLY

HOUSE BILL NO. 334

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO CAPTIVE INSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

Section 1. Amend § 6903, Title 18 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 6903. License application; certificate of authority.

(b) No captive insurance company shall do any insurance business in this State unless:

(1) It ~~first obtains from the Commissioner~~ is authorized by the Commissioner to do insurance business in this State under one of the following:

a. a A certificate of authority authorizing it to do insurance business in this State under subsection (f) of this section; or

b. A conditional certificate of authority under subsection (g) of this section;

(d)(1) Each applicant captive insurance company shall pay to the Commissioner a nonrefundable application fee of \$300 for reviewing its application to determine its completeness, and a nonrefundable processing fee of \$3,200 for examining, ~~investigating~~ investigating, and processing its application for a certificate of ~~authority~~, authority.

(2) ~~and the Commissioner is authorized to~~ The Commissioner may retain legal, financial and examination services services, and other expert services from outside the ~~Department, the reasonable cost of which may be charged against~~ Department and may charge the applicant the reasonable cost of these services.

(3) The provisions of § 330 of this title ~~shall~~ apply to reviews, examinations, investigations, and processing conducted under ~~the authority of~~ this section.

(4) In addition to any other fee imposed or cost assessed under this section, each captive insurance company shall pay a nonrefundable license fee for the year of registration and a nonrefundable renewal fee for each year thereafter of \$400.

(5) A captive insurance company that files an application for a conditional certificate of authority under subsection (g) of this section must pay the Commissioner a fee of \$100.

(g)(1) Before the completion of the Commissioner's review of a captive insurance company's application materials, the Commissioner may issue a conditional certificate of authority upon the Commissioner's receipt of all of the following:

a. Satisfactory evidence of the captive insurance company's possession of the minimum required capital and surplus set forth in § 6905 of this title; and

b. The application materials required by this chapter; and

c. A statement of compliance signed by the owner of the captive insurance company stating that to the best of the owner's belief the business plan and other documents filed with the application for a conditional certificate of authority comply with all of the following:

1. All licensing requirements mandated by this chapter; and

2. Any additional requirements the Commissioner establishes by regulation or rule.

(2) The Commissioner may summarily revoke a conditional certificate of authority without legal recourse by the captive insurance company if one of the following applies:

a. The Commissioner is unable to verify within 6 months of the issuance of the conditional certificate of authority that the captive insurance company possesses the minimum required capital and surplus indicated on the form submitted to the Department for issuance of the conditional certificate of authority; or

b. The Commissioner determines that the business plan or other documents filed with the application for a certificate of authority do not comply with all of the following:

1. All licensing requirements mandated by this chapter; and

2. Any additional requirements the Commissioner establishes by regulation or rule.

(3) Upon the issuance of a conditional certificate of authority under this subsection, the captive insurance company shall comply with and be subject to this chapter.

SYNOPSIS

This Act authorizes the Insurance Commissioner to issue conditional certificates of authority to captive insurance company applicants, which authorizes the captive insurance company applicant to conduct business while the Insurance Commissioner completes the review of the application materials. Conditional certificates of authority will be issued only upon receipt of evidence of the minimum capital and surplus required by Chapter 69 and a certification from the captive owner that the application materials comply with the requirements of Chapter 69. A captive insurance company granted a conditional certificate of authority must pay the Insurance Commissioner a fee of \$100.

This Act also authorizes the Insurance Commissioner to summarily revoke a conditional certificate of authority if the Commissioner determines that the captive insurance company has failed to comply with the licensing requirements of Chapter 69. During the period of the conditional certificate of authority, the captive insurance company shall comply with and be subject to Chapter 69.

This Act also makes technical corrections to conform existing law to the standards of the Delaware Legislative Drafting Manual.