



Department of Insurance

STEPS IN FORMING AND LICENSING A DELAWARE CAPTIVE

1. Arrange a meeting with the Commissioner and staff to discuss the proposed captive and obtain initial reaction from the Department. In the case of an association captive, the Commissioner will want to meet with the key officers of the association prior to licensing.
2. Prepare necessary incorporation documents for filing with the State Division of Corporations. The applicant must be a Delaware corporation whose principal place of business is in Delaware.
3. Prepare documents necessary for application to the Department (see Form C-1 attached).
4. Submit two (2) copies of documents in numbers 2. and 3. above to the Commissioner of Insurance for review, along with a check made payable to the Delaware Department of Insurance in the amount of the \$200.00 in payment of non-refundable application fee.
5. Petition the Commissioner to issue a Certificate of Acceptability. The factors to be addressed are outlined in Title 18, Delaware Insurance Code, Section 6906. In addition, a statement of the benefit to Delaware should be included.
6. After the Commissioner issues a Certificate of Acceptability, present it along with the documents in number 2. above and the appropriate fee to the Division of Corporations in order to be incorporated.
7. After incorporation and filing a certified copy of the Certificate of Incorporation, completed Forms D-1, D-2 and Power of Attorney with the Department, the admission file will be reviewed for consideration of a Certificate of Authority.
8. After the review process, and if the application is approved, the Department will request that an Organizational Examination be performed prior to issuance of the Certificate of Authority. The cost of the exam will be borne by the applicant.

OTHER REQUIREMENTS:

1. Have your CPA firm complete Form C-4 (attached) for authorization to perform audits annually. It is incumbent upon the applicant to select an accountant who meets the requirements of Regulation 302 (formerly Regulation 51).
2. Have your actuary complete Form C-6 (attached) for authorization to render opinion on reserves. Regulation 302 requires that loss reserves and loss expense reserves be certified by a Fellow of the Casualty Actuarial Society, a member in good standing of the American Academy of Actuaries or an individual who has demonstrated his/her competence in loss reserve evaluation and has been approved by the Commissioner. It is incumbent upon the applicant to select a member or individual who meets the requirements of Regulation 302.
3. Pure and Industrial insured captives must file an annual statement blank in the form as directed by the Commissioner. Association captives must file an annual statement on the NAIC blank currently in use by the insurance industry.
4. All books and records necessary for statutory examination must be located in Delaware.

FORMS:

- C-1: Application for Admission
 - C-2: Irrevocable Letter of Credit (Sample)
 - C-3: Biographical Affidavit (NAIC Form 11)
 - C-4: Application for Authorization as an Independent CPA
 - C-5: Application for Authorization as an Insurance Manager
 - C-6: Application for Authorization to Certify Loss Reserves and Loss Expense Reserves
 - D-1: Designation of Person for Receipt of Service of Process
 - D-2: Designation of Person to Receive Delaware Regulations, Bulletins, Directives and Notice of Regulatory Proceedings
- Power of Attorney Form

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