

Results of 2015 Legislative Session

Utah has recently concluded its 2015 legislative session. As such, there will be some upcoming changes to our Captive Rules & Regulations, effective 7/1/2015, that we would like to make you aware of.

- 1) The captive code now includes language specifically addressing the use of Limited Liability Companies as a type of captive formation. Although LLC's were permitted, specific structure and direction was not present. Previous language only addressed stock company formations. (Code Section 31A-37-301 and throughout)
- 2) The captive exam cycle has been increased from a three year to a five year period. (31A-37-502)
- 3) The required minimum of \$250,000 to be maintained as paid-in capital and free surplus may be accomplished through any combination of either. Prior language specified a minimum requirement for each element separately; with a paid-in capital requirement of \$100,000 and a free surplus requirement of \$150,000. (31A-37-204)
- 4) Capitalization of a cell captive sponsor remains \$1,000,000. However, the new language indicates that only a minimum of \$350,000 must be provided by the sponsor. The balance may be provided by the cell companies. (31A-37-204)
- 5) Pooling can take place within the sponsor of a cell captive. (31A-37-401)
- 6) Each sponsored cell captive will be required to pay an annual license renewal fee of \$1,000 per cell. (R590-102-8)

We at the Utah Department of Insurance, Captive Division, believe these changes will be advantageous in allowing us to better provide services as regulators. We foresee these as being beneficial to our Utah domiciled captive companies. Additionally, we feel that the changes made will continue to contribute to a positive business friendly environment for all.