



DAVID Y. IGE
GOVERNOR

CATHERINE P. AWAKUNI COLÓN
INTERIM DIRECTOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
INSURANCE DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
P. O. BOX 3614
HONOLULU, HAWAII 96811-3614
335 MERCHANT STREET, ROOM 213
HONOLULU, HAWAII 96813
PHONE NO: (808) 586-2790
FAX NO: (808) 586-2806
cca.hawaii.gov/ins

GORDON I. ITO
INSURANCE COMMISSIONER

January 21, 2015

Memorandum 2015 – 1C

TO: CAPTIVE INSURERS AUTHORIZED IN HAWAII

SUBJECT: Captive Insurance Company
2014 Annual Filing Requirements (Due in 2015)

I. GENERAL INFORMATION

- A. File all documents directly with the Insurance Division, Captive Insurance Branch.
- B. Risk Retention Captive Insurance Companies Annual Filing Requirements (Checklist) may be found at <http://cca.hawaii.gov/captive/annual-filing-instructions-and-forms/>
- C. For due dates that fall on a weekend or State holiday, the due date is extended to the next business day.
- D. Postmark dates will be recognized in determining filing deadlines.
- E. Fine for late filing of the audited financial statement, statutory annual statement, quarterly statements, and other required filings. **All captives are subject to a fine for filing after the due date of not more than \$500 per day (HRS § 431:19-107).**
- F. Make all checks payable to the “**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**”. A service charge of \$25 will be due for each dishonored check, and replacement checks must be certified.
- G. Contact Alan Watanabe at: (808) 586-7413, fax at (808) 586-0987, or e-mail at alan.i.watanabe@dcca.hawaii.gov

II. DOCUMENTS AND FILING DEADLINES

Document / Description	# of Copies	2015 Filing Deadline
<p>STATEMENT OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Includes at a minimum: audit of Balance Sheet, Income Statement and Statement of Cash Flows)</p> <p>Prepared according to GAAP or other comprehensive basis of accounting for Class 1, 2, 3 Association, 4 and 5 captives, and SAP for Class 3 Risk Retention Captive Insurance Companies, all audited by an approved independent certified public accountant, is due as follows:</p> <p>Class 1, 2, 3 Association, 4 and 5 Captives due on or before the last day of the sixth month following the end of the company's fiscal year end.</p> <p>Class 3 Risk Retention Captive Insurance Companies</p> <p>Branch Captives</p>	<p>2</p> <p>2</p> <p>2</p>	<p>As Due</p> <p>June 1</p> <p>Due 30 days after filed in Parent's Home Domicile</p>
<p>ANNUAL STATEMENT</p> <p>Prepared for Class 3 Risk Retention Captive Insurance Companies only, (unless otherwise specified by the Insurance Commissioner for Class 1, 2, 3 Association, 4 and 5 captives), on 8.5"x14" form as required by the NAIC for the year 2014. Verified by oaths of at least two principal officers and properly notarized signatures.</p>	<p>1</p>	<p>March 1</p>
<p>TAX STATEMENT <Annual Statement of Premiums Written for Taxation Purposes CAP-001 Revised 01/14></p> <p>Prepared for the 2014 year attested by notarized signature of captive's duly authorized representative, and accompanied by appropriate payment.</p>	<p>1</p>	<p>March 1</p>

2014 Annual Filing Requirements due in 2015
January 21, 2015

Document / Description	# of Copies	2015 Filing Deadline
<p>ACTUARIAL OPINION / CERTIFICATION OF RESERVE FOR LOSSES</p> <p>Prepared by a member of the American Academy of Actuaries or other qualified loss reserve specialist as defined in the annual statement adopted by the NAIC and approved by the Insurance Commissioner, alternatively, each Class 1, 2, 4, and 5 captive may utilize an actuarial opinion prepared by a loss reserve specialist deemed appropriate by the Insurance Commissioner.</p> <p>Class 1, 2, 3 Association, 4 and 5 Captives</p> <p>Class 3 Risk Retention Captive Insurance Companies</p> <p>Branch Captives</p>	<p>2</p> <p>2</p> <p>2</p>	<p>Last day of sixth month following fiscal year end</p> <p>March 1</p> <p>Due 30 days after filed in Parent's Home Domicile</p>
<p>AMENDMENTS TO CHARTER, BY-LAWS, ETC.</p> <p>Any changes made in 2014 (if not previously filed and approved) must be submitted bearing an original certification by the proper officer of the state or country or domicile.</p>	<p>1</p>	<p>March 1</p>
<p>CASH AND INVESTED ASSETS HELD IN HAWAII <CAP-004></p> <p>Form has been discontinued effective 12/07 and has been incorporated into ECONOMIC IMPACT REPORT <CAP-003></p>	<p>N/A</p>	<p>N/A</p>

2014 Annual Filing Requirements due in 2015
January 21, 2015

Document / Description	# of Copies	2015 Filing Deadline
<p>CAPTIVE QUESTIONNAIRE <CAP-002 Revised 01/15></p> <p>Reported for the fiscal year ending in 2014.</p> <p>Class 1, 2, 3 Association, 4 and 5 Captives</p> <p>Class 3 Risk Retention Captive Insurance Companies</p> <p>Branch Captives</p>	<p>2</p> <p>2</p> <p>2</p>	<p>Last day of sixth month following fiscal year end</p> <p>March 1</p> <p>Due 30 days after filed in Parent's Home Domicile</p>
<p>CERTIFICATE OF COMPLIANCE</p> <p>Each Branch Captive shall file a Certificate of Compliance issued by the insurance regulatory authority of the Parent's Home Domicile along with a certified copy of the Parent's most recent examination report conducted by its Home Domicile.</p>	<p>1</p>	<p>March 1</p>
<p>ECONOMIC IMPACT REPORT <CAP-003 Revised 01/15></p> <p>Expenses reported on an accrual basis and report cash and invested assets at market value for calendar year 2014.</p>	<p>1</p>	<p>March 1</p>
<p>INACTIVE STATUS REPORT <CAP-005 Revised 01/14></p> <p>Reporting of captives that are not actively writing business.</p>	<p>1</p>	<p>March 1</p>
<p>INSURED VEHICLE CENSUS REPORT <Form MVID14-2(1) 9/74></p> <p>Required by captives authorized to write direct motor vehicle insurance. Captive with no underwriting risk in Hawaii should submit "nil" report. Only Columns 3 and 4 of Census Report should be completed. Report as of December 31, 2014.</p>	<p>1</p>	<p>February 15</p>

2014 Annual Filing Requirements due in 2015
January 21, 2015

Document / Description	# of Copies	2015 Filing Deadline
<p>DRIVERS' EDUCATION FUND UNDERWRITERS' FEE</p> <p>Applicable only to captives writing direct motor vehicle insurance in Hawaii. See Memorandum No. 2002-9R for payment instructions. For Quarter/Year ending December 31, 2014.</p>	1	February 15
<p>ANNUAL LICENSE RENEWAL FEE</p> <p>Required for renewal of Certificate of Authority. (ref. HAR § 16-17-6(a))</p>	1	April 1
<p>ANNUAL ASSESSMENT FOR WORKERS' COMPENSATION INSURANCE SPECIAL COMPENSATION FUND (ref. HRS § 386:151 & HRS § 386:152)</p> <p>Required for captives writing workers compensation risks on a direct basis in Hawaii only.</p>	1	Within 30 Days of Demand
<p>STATUTORY COMPLIANCE <CAP-006(a) Revised 01/14, CAP-006(b) Revised 01/14> (ref. HRS § 431:19-104 and § 431:19-110)</p> <p>Required to complete applicable form:</p> <ol style="list-style-type: none"> CAP-006(a) form required for captives that <u>DO NOT</u> have a Strategic Investment Policy approved by the Insurance Commissioner. CAP-006(b) form required for captives that have a Strategic Investment Policy approved by the Insurance Commissioner <p>Reported for the fiscal year ending in 2014</p> <p>Class 1, 2, 3 Association, 4 and 5 Captives</p> <p>Class 3 Risk Retention Captive Insurance Companies</p> <p>Branch Captives</p>	<p>2</p> <p>2</p> <p>2</p>	<p>Last day of sixth month following fiscal year end</p> <p>March 1</p> <p>Due 30 days after filed in Parent's Home Domicile</p>

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
INSURANCE DIVISION, CAPTIVE INSURANCE BRANCH**

**ANNUAL STATEMENT OF PREMIUMS WRITTEN FOR TAXATION PURPOSES
FORM DUE: MARCH 1st**

For Calendar Year Ending _____
 Name of Captive _____
 Contact Person _____ Contact Phone Number _____
 Contact Person's Firm _____ Contact Email Address _____

SUMMARY OF PREMIUMS AND TAXES

	<u>Premiums subject to tax</u> <u>(item 5, page 2)</u>	<u>Rate of</u> <u>Tax</u>	<u>Amount of Tax</u>
1. Premiums - \$0 to \$25,000,000	\$ -	0.25%	\$ -
2. Premiums - \$25,000,001 to \$50,000,000	\$ -	0.15%	\$ -
3. Premiums - \$50,000,001 to \$250,000,000	\$ -	0.05%	\$ -
4. Premiums - More than \$250,000,000	\$ -	0.00%	\$ -
5. TOTAL (sum of lines 1, 2, 3 and 4)	\$ -		\$ -
6. Maximum aggregate premium tax, pursuant to HRS §431:19-116			\$ 200,000.00
7. If line 5 is larger than line 6, ENTER AMOUNT IN LINE 6, OTHERWISE ENTER AMOUNT IN LINE 5			\$ -
8. Credits:			
PROVIDE COMPLETE SUPPORTING DOCUMENTATION FOR ANY CREDITS TAKEN			
a. Prior Year Overpayments	\$ -		
b. Other (explain in detail on page 2)	\$ -		
TOTAL CREDITS			\$ -
9. If line 7 is larger than line 8, ENTER BALANCE DUE (Payable to DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS)			\$ -
10. If line 8 is larger than line 7, ENTER REFUND DUE			\$ -

For Calendar Year Ending _____

Name of Captive _____

LINES OF BUSINESS: _____

1. GROSS PREMIUMS WRITTEN (Report on a calendar year basis)

a. Direct writing for risk in Hawaii	\$	-
b. Direct writing for risk elsewhere	\$	-
c. Reinsurance	\$	-
d. Other (explain in detail below)	\$	-

2. TOTAL GROSS PREMIUMS WRITTEN \$ -

3. LESS DEDUCTIONS:

a. Return premiums	\$	-
b. Direct writings for which premium tax was paid in another jurisdiction (other than Hawaii). Provide supporting documentation of taxes paid.	\$	-
c. Reinsurance accepted (the tax upon such business being payable by the direct writing insurer)	\$	-
d. Other (explain in detail below)	\$	-

4. TOTAL DEDUCTIONS \$ -

5. NET PREMIUMS SUBJECT TO TAX, line 2 minus line 4 (Allocate to lines 1, 2, 3 and 4 on page 1) \$ -

Explanation:

Page 1, 8.b. _____

Page 2, 1.d. _____

Page 2, 3.d. _____

For Calendar Year Ending _____

Name of Captive _____

The State of Hawaii is committed to continuing the prosperous growth and refinement of the captive insurance industry. Since our captive insurance law was enacted in 1986, the Hawaii domicile has grown to be one of the largest captive domiciles in the world.

Periodically, we are asked to speak about our captive industry to trade groups, State legislators and other State Agencies. Through these discussions we present what a captive insurance company is, the benefits of a captive as well as how a captive insurance company is used by companies. In order to promote Hawaii as a distinguished domicile, we request your permission to showcase companies that have chosen Hawaii as their domicile in our presentations and speaking engagements to highlight the prominence of our domicile. At no time will any aspect of your insurance program be disclosed.

Please check one of the choices:

_____ **Yes.** The State of Hawaii, for the forthcoming year, may use the name of my parent entity as displayed below in captive presentations. Parent company name authorized to use:

If at any time during the year we no longer desire the State of Hawaii to use the name of our parent entity, we will notify you accordingly.

_____ **No.** The State of Hawaii may not use the name of my parent entity in captive presentations.

State of _____
City & County of _____

_____, being duly sworn, deposes and says: That (he/she) is the _____ of the Insurer whose name appears above and that this Statement, and the accompanying exhibits are to the best of (his/her) knowledge, information and belief, true and complete, made in good faith, for the taxable periods stated.

Subscribe and sworn to before me this _____ day
of _____, 20_____.

Signature of Officer of Insurer

Notary Public, State of _____
My Commission expires: _____

Seal

FILE THESE PAGES notarized with original signatures. The Certificate attesting to the authority of the notary is not required and need not be attached.

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
INSURANCE DIVISION, CAPTIVE INSURANCE BRANCH
QUESTIONNAIRE**

Name of Captive: _____

For Fiscal Year Ending: _____

Please enter approval date
by Insurance Commissioner
if a change from the prior year

1. Ownership or Organizational Status (i.e. Corporation, LLC, Mutual, etc.)

2. Resident Registered Agent: _____

Address: _____

Phone Number: _____

3. Service Providers

Compensation Paid

a. Captive Insurance Manager Firm Name: _____

\$

\$

b. Opining Actuary and Firm Name: _____

i. Does the approved actuary, who certifies as to the adequacy of loss reserves at the year end, also compute the monthly or quarterly reserves for the captive?

c. Independent CPA Partner and Firm Name: _____

\$

i. Describe any services (other than the captive's annual audit) provided by the approved independent CPA to the Captive or Parent corporation.

d. Risk Management Advisor Firm Name: _____

\$

e. Claims Administrator Firm Name: _____

\$

Name of Captive: _____

For Fiscal Year Ending: _____

Service Providers (continued)	Compensation Paid	Please enter approval date by Insurance Commissioner if a change from the prior year
f. Legal Counsel Firm Name: _____	\$ _____	_____
g. Investment Manager Firm Name: _____	N/A	_____
h. Other (e.g., brokers, intermediaries, intercompany services, etc.)		
i. Firm Name & Service Provided: _____	\$ _____	_____
ii. Firm Name & Service Provided: _____	\$ _____	_____
iii. Firm Name & Service Provided: _____	\$ _____	_____

3. Governing Body and Documents

- a. Have there been any changes from prior year end to the Captive's governing body (officers, directors, SAC members, etc.) and organizational documents (articles of incorporation, governing rules, subscriber's agreement and power of attorney, etc.)? _____
- b. If yes, provide the approval date(s) by Insurance Commissioner and a brief description of the changes.

4. Strategic Investment Policy

- a. Does the Company have a Strategic Investment Policy initially approved by the Insurance Commissioner? _____
- b. If yes, when was the Strategic Investment Policy approved by the Insurance Commissioner? _____
- c. Have any changes been made during the year to the approved Strategic Investment Policy? _____
- d. If changes have been made, provide the approval date by the Insurance Commissioner and a brief description of the change, and when it was implemented.

Name of Captive:

For Fiscal Year Ending:

5. Receivable from Parent and/or Affiliate (Loanback)

- a. Do the Captive's assets include a loanback? -
 - b. When was the loanback approved by the Insurance Commissioner?
 - c. If yes, provide copies of the current or most recent audited financial statements of the Captive's parent. In addition, provide financial information on any affiliates to whom loanbacks have been made.
-

Name of Captive:

For Fiscal Year Ending:

6. Provide a recap of insurance policies and reinsurance agreements entered in and/or expired or cancelled by the Company during the current year in the table below. Attach additional pages as necessary. (Note: If you have a comparable worksheet that contains all of the requested information, you may submit this in lieu of the table.)

	Please check box if a change from prior year	Type (Direct, Assumed, Reinsured)	Coverage	Insurer/ Reinsurer	Policy Period	Description (Deductible Reimbursement, Excess of Loss, etc.)	Limits (Occurrence/Aggregate)
1.	<input type="checkbox"/>						
2.	<input type="checkbox"/>						
3.	<input type="checkbox"/>						
4.	<input type="checkbox"/>						
5.	<input type="checkbox"/>						
6.	<input type="checkbox"/>						
7.	<input type="checkbox"/>						
8.	<input type="checkbox"/>						
9.	<input type="checkbox"/>						
10.	<input type="checkbox"/>						

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
INSURANCE DIVISION, CAPTIVE INSURANCE BRANCH**

**ECONOMIC IMPACT OF HAWAII CAPTIVE INSURANCE COMPANIES
FORM DUE: MARCH 1st**

For Calendar Year Ending _____

Name of Captive _____

1. Direct Expenses Incurred in Hawaii *(Report expenses on an accrual basis)*

- a. Legal Fees _____
 - b. Audit Fees _____
 - c. Captive Management Fees _____
 - d. Letter of Credit Fees _____
 - e. Premium Tax _____
 - f. Other *(Please specify)*
- _____
- _____
- _____

2. Total Direct Expenses in Hawaii \$ -

3. Other Indirect Spending in Hawaii *(Best estimate)* _____

4. Total Direct & Indirect Expenses in Hawaii \$ -

5. Cash and Invested Assets Held In Hawaii

- a. Cash _____
- b. Investments *(at market value)* _____
- c. Other Invested Assets _____

6. Total Assets Held in Hawaii \$ -

7. Percentage of captive management and administration physically performed within the State of Hawaii

8. Estimated room nights in Hawaii directly and indirectly related to captive activities. *(Best estimate)*

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
INSURANCE DIVISION, CAPTIVE INSURANCE BRANCH**

**INACTIVE STATUS REPORT
HAWAII CAPTIVE INSURANCE COMPANIES**

FORM DUE: MARCH 1st

Captive Management Firm Name _____

Captive Manager _____

Telephone Number _____

	<u>Captive Name</u>	<u>Lines of Coverage</u>	<u>Limits of Coverage</u>	<u>Policy Periods</u>	<u>Estimated Reserve for Losses</u>	<u>Available Assets</u>	<u>Strategic Plans / Comments</u>
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
INSURANCE DIVISION, CAPTIVE INSURANCE BRANCH**

**STATUTORY COMPLIANCE
MINIMUM REQUIRED CAPITAL AND SURPLUS AND MANDATORY PROVISION**

*(Form to be used for Captives that do **NOT** have a Strategic Investment Policy approved by Insurance Commissioner)*

Name of Captive: _____
 For Fiscal Year Ending: _____
 Contact Person: _____

FORM DUE: Class 1, 2, 3 Association, 4 and 5 - Last day of sixth month following fiscal year end Class 3 Risk Retention Group - March 1 Branch Captives - 30 days after filed in Parent's Home Domicile

	HRS Reference	Date Investment Approved	Minimum Required Capital/Surplus HRS § 431:19-104	Mandatory Provision	
				HRS § 431:6-201(a)	HRS § 431:6-201(b)
List investments approved and/or eligible for each test:					
Cash on deposit (unrestricted)	§ 431:6-315				
Letter of Credit	§ 431:19-104				
Investments in Public Obligations	§ 431:6-301				
Corporate obligations	§ 431:6-302				
Preferred or guaranteed stocks of shares	§ 431:6-303				
Trustees or receivers obligations	§ 431:6-304				
Equipment trust obligations	§ 431:6-305				
Mortgage Loans	§ 431:6-306 - 310				
Real property owned	§ 431:6-311 - 312				
Foreign securities	§ 431:6-313				
Policy loans (limited to life insurers)	§ 431:6-314				
Insurance stocks	§ 431:6-316				
Common stocks	§ 431:6-317				
Collateral loan	§ 431:6-318				
Miscellaneous investments	§ 431:6-319				
Special Consent Investments	§ 431:6-320				
Hedging transactions	§ 431:6-321				
Common trust funds, mutual funds	§ 431:6-322				
Separate accounts (limited to life insurers)	§ 431:6-323				
Subsidiaries	§ 431:6-324				
Other approved investments (describe): (insert details as necessary)	§ 431:19-110				
Premium Receivable, Current (< 90 days past due)					
ADJUSTMENTS (10% General Limitations)	§ 431:6-105				
TOTAL APPROVED/ELIGIBLE INVESTMENTS			-	-	-
Minimum Required Capital and Surplus			_____		
Actual Total Stockholder's Equity OR Surplus at FYE			_____		
X 60% = Required Amount (HRS § 431:6-201(a))				-	-
100% of Unpaid Loss Reserves, IBNR and Loss Adj. Expense					_____
100% of Unearned Premium Reserves					_____
Required Amount (HRS § 431:6-201(b))					- _____
EXCESS/(DEFICIENCY)			- _____	- _____	- _____

I hereby attest to the best of my knowledge and understanding that the above is a true and fair representation of the Company's investments.

 Signature of Officer of Insurer or Date
 Captive Manager

 Name of Signature of Officer of
 Insurer or Captive Manager

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
INSURANCE DIVISION, CAPTIVE INSURANCE BRANCH**

FORM DUE:
Class 1, 2, 3 Association, 4 and 5 - Last day of sixth month following fiscal year end
Class 3 Risk Retention Group - March 1

**STATUTORY COMPLIANCE
MINIMUM REQUIRED CAPITAL & SURPLUS AND 100% RESERVES
(Form to be used for Captives that have a Strategic Investment Policy approved by Insurance Commissioner)**

Name of Captive: _____
 For Fiscal Year Ending: _____
 Contact Person: _____ Phone Number: _____
 Contact Person's Firm: _____ Email Address: _____

		Capital and Surplus HRS § 431:19-104 (a)		Minimum Capital and Surplus Required by Commissioner [A] HRS § 431:19-104 (b)		100% Reserves (Loss & LAE, Unearned) [B] HRS § 431:19-110 (a)	[A] + [B] TOTAL *
ENTER CLASS of CAPTIVE _____	Enter Amount	\$ -	Enter Amount	\$ -	Enter Amount	\$ - #	\$ -
1 Cash		-		-		-	-
2 Letter of Credit		-		-		-	-
3 Public Obligations		-		-		-	-
4 Other Approved Investments		-		-		-	-
	Total	\$ -		\$ -		\$ -	\$ -
5 Strategic Investment Policy				- #		- #	-
	Total		Total	\$ -		\$ -	\$ -
6 Premiums in the course of collection						-	-
	Total		Total		Total	\$ -	\$ -
Actual Total Stockholder's Equity or Surplus							
							Excess (Deficiency) \$ -

I hereby attest to the best of my knowledge and understanding that the above is a true and fair representation of the Company's investments and that the investments have been made in accordance with the Board approved Strategic Investment Policy .

Signature of Officer of Insurer or Captive Manager Date

Name of Signature of Officer of Insurer or Captive Manager

Provide reconciliation to financial statements

* Total Investments should agree to investments on the Balance Sheet