

DAVID Y. IGE
GOVERNOR



CATHERINE P. AWAKUNI COLÓN
DIRECTOR

SHAN S. TSUTSUI
LT. GOVERNOR

GORDON I. ITO
INSURANCE COMMISSIONER

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

December 22, 2017

Memorandum 2017 – 9C

TO: CAPTIVE INSURERS AUTHORIZED IN HAWAII

FROM: Gordon I. Ito, Insurance Commissioner

SUBJECT: Captive Insurance Company
2017 Annual Filing Requirements (Due in 2018)

I. GENERAL INFORMATION

- A. File documents directly with the State of Hawaii Insurance Division, Captive Insurance Branch unless otherwise noted.
- B. Risk Retention Captive Insurance Companies Annual Filing Requirements (Filings Checklist) may be found at <http://cca.hawaii.gov/ins/captive/>
- C. Captive insurance companies must file the 2017 annual filings in electronic format, unless otherwise noted in the instructions (e.g., checks with Payment Voucher, CAP-007 Form). The traditional hardcopy format will no longer be accepted.
- D. For due dates that fall on a weekend or State holiday, the due date is extended to the next business day.
- E. Postmark dates and/or e-mail received dates will be recognized in determining adherence to filing deadlines.
- F. Fine for late filing of the audited financial statement, statutory annual statement, quarterly statements, and other required filings of not more than \$500 per day up to \$10,000 per violation (HRS §§ 431:19-107 and 431:19-109). A daily fine will be levied for late filings.
- G. Make checks payable to the "DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, STATE OF HAWAII" unless otherwise noted. Check shall reference the captive insurance company name and the description of the payment. For example, "ABC Ins Co 2017 Premium Taxes" or "ABC Ins Co 2018 License Renewal Fee". Check shall be attached to a completed Payment Voucher [CAP-007 Form]. A service charge of \$25 will be due for each dishonored check, and replacement checks must be certified.
- H. Contact Alan Watanabe at (808) 586-7413, fax number (808) 586-0987, or e-mail address awatanab@dcca.hawaii.gov if any questions.

II. ELECTRONIC FILING INSTRUCTIONS

A. Captive insurance companies **must** file the 2017 annual filings in electronic format and adhere to the following specifications:

1. Electronic filings shall be e-mailed to: CaptiveInsAnnualFilings@dcca.hawaii.gov
2. A Captive Insurance Manager filing electronically on behalf of clients shall send separate e-mails for each captive insurance company;
3. E-mail subject line shall include the filing year, captive insurance company name (abbreviated name acceptable), followed by the words "Annual Filings." For example, "**2017 ABC Ins Co Annual Filings**";
4. Filename of each attachment shall include the filing year, captive insurance company name, and file description. For example, "**2017 ABC Ins Co CAP-001**";
5. File attachments shall be in **specified file format** as indicated in the Documents and Filing Deadlines table;
6. Each filing shall be a separate attachment (combined or merged files into one file is not allowed);
7. It is acceptable to attach more than one attachment to an e-mail provided that all attachments are for the same captive insurance company;
8. Supporting schedules may be attached to a related filing provided the filename is clearly defined. Include the filing year, captive insurance company name, related filing description, and supporting file description in the filename. For example, "**2017 ABC Ins Co CAP-001 Prem Written Schedule**" and "**2017 ABC Ins Co CAP-001 CA Tax Filing**";
9. Contact information of the sender or person responsible for the submission shall be included in the e-mail;
10. Body of e-mail shall include text listing the attachments with brief descriptions, if not self-explanatory;
11. Password requirements and/or printing restrictions embedded in the attached files are not allowed unless pre-arranged with our Contact person;
12. Payment by check shall be accompanied by a completed Payment Voucher [CAP-007 Form] to identify the captive insurance company and a description of the payment;
13. Signature requirement on State of Hawaii Insurance Division forms (Form CAP-xxx) shall be replaced by typed Name and Title of duly authorized representative attesting to the accuracy and completeness of the information filed;
14. For amended filings, filename shall include Amendment No. For example, "**2017 ABC Ins Co CAP-001 Amend 1**"; and
15. Questions shall be directed to our Contact person, as noted on page 1, and not e-mailed to the above e-mail address.

III. INSTRUCTIONS FOR CELL CAPTIVES ONLY

1. CAP-001 Premium Tax Statement – complete on a combined basis of the core and cells, and provide a supplementary schedule detailing each item on the premium tax form to the core and each cell;
2. CAP-002 Captive Questionnaire – complete separately for the core and each cell, especially if they use different service providers, provide different insurance programs;
3. CAP-003 Economic Impact Report – complete on a combined basis of the core and cells, and provide a supplemental schedule detailing each item on the economic impact to the core and each cell; and
4. CAP-006 Statutory Compliance – complete separately for the core and each cell, only the core's CAP-006 requires the "signature".

IV. DOCUMENTS AND FILING DEADLINES

Document / Description	E-Filing File Format	2018 Filing Deadline
<p>PREMIUM TAX STATEMENT <CAP-001 Revised 12/17 Annual Statement of Premiums Written for Taxation Purposes></p> <p>Prepared for the 2017 year attested by signature of captive's duly authorized representative. Remit payment by check with completed Payment Voucher [CAP-007 Form].</p>	Excel	3/01/18
<p>ECONOMIC IMPACT REPORT <CAP-003 Revised 12/17></p> <p>Expenses reported on an accrual basis and report cash and invested assets at market value for calendar year 2017.</p>	Excel	3/01/18
<p>INACTIVE STATUS REPORT <CAP-005 Revised 12/17></p> <p>Reporting of captives that are not actively writing business.</p>	Excel	3/01/18
<p>CERTIFICATE OF COMPLIANCE</p> <p>Required for Branch Captives to file a Certificate of Compliance issued by the insurance regulatory authority of the Parent's domicile along with a certified copy of the Parent's most recent insurance regulatory examination report.</p>	PDF	3/01/18
<p>ANNUAL STATEMENT AND NAIC SUPPLEMENTS</p> <p>Required 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" x 14" form as required by the NAIC for the year 2017. Jurat page signed by at least two principal officers and manual signatures properly notarized.</p> <p>NAIC Property/Casualty Annual and Quarterly Statement Instructions and updates are available on the NAIC website for purchase at http://www.naic.org/prod_serv_publications.htm</p>	See Domestic RRG Filing Instructions	3/01/18
<p>CAPTIVE QUESTIONNAIRE <CAP-002 Revised 12/17></p> <p>Class 1, 2, 3 Association, 4 and 5 Captives</p> <p>Class 3 Risk Retention Captives</p> <p>Branch Captives</p> <p>Form has been modified to add items #9 - #11.</p>	Word	Last day of 6th month following fiscal year end
	Word	3/01/18
	Word	30 days after filed in Parent's Domicile
<p>STATUTORY COMPLIANCE REPORT <CAP-006(a) Revised 12/17, CAP-006(b) Revised 12/17></p> <p>Required to complete applicable form attested by signature of duly authorized representative:</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>Class 1, 2, 3 Association, 4 and 5 Captives</p> <p>Class 3 Risk Retention Captives</p> <p>Branch Captives</p> <p>Form has been modified for clarification. Formula to calculate minimum required capital/surplus has been changed.</p>	Excel	Last day of 6th month following fiscal year end
	Excel	3/01/18
	Excel	30 days after filed in Parent's Domicile

Document / Description	E-Filing File Format	2018 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 <i>NAIC Annual Statement Instructions</i> and approved by the Insurance Commissioner, alternatively, Class 1, 2, 3 Association, 4, and 5 captives may utilize an actuarial opinion prepared by a loss reserve specialist approved by the Insurance Commissioner.</p> <p>Class 1, 2, 3 Association, 4 and 5 Captives</p> <p>Class 3 Risk Retention Captives</p> <p>Branch Captives</p>	<p>PDF</p> <p>See Domestic RRG Filing Instructions</p> <p>PDF</p>	<p>Last day of 6th month following fiscal year end</p> <p>3/01/18</p> <p>30 days after filed in Parent's Domicile</p>						
<p>INSURANCE HOLDING COMPANY SYSTEM</p> <p>Required for Class 3 Risk Retention Captive Insurance Companies only.</p> <ul style="list-style-type: none"> • FORM B - ANNUAL REGISTRATION STATEMENT • FORM C - SUMMARY OF CHANGES TO REGISTRATION STATEMENT • FORM F – ENTERPRISE RISK REPORT <p>Forms B, C and F are located at: http://cca.hawaii.gov/ins/har/ HAR Chapter 14 – Insurance Holding Company System</p> <p>FOR DISCLAIMER OF AFFILIATION <i>If you file a Disclaimer of Affiliation, submit this Disclaimer with all states that you are licensed and/or registered.</i></p>	<p>See Domestic RRG Filing Instructions</p>	<p>3/15/18</p> <p>3/15/18</p> <p>3/15/18</p>						
<p>ANNUAL LICENSE RENEWAL FEE</p> <p>Fee required for renewal of Certificate of Authority:</p> <table border="0" data-bbox="714 1266 1024 1350"> <tr> <td>Class 1 and 2</td> <td>\$ 300</td> </tr> <tr> <td>Class 3</td> <td>\$ 500</td> </tr> <tr> <td>Class 4 and 5</td> <td>\$1,000</td> </tr> </table> <p>Remit payment by check with completed Payment Voucher [CAP-007 Form].</p>	Class 1 and 2	\$ 300	Class 3	\$ 500	Class 4 and 5	\$1,000	<p>N/A</p>	<p>4/01/18</p>
Class 1 and 2	\$ 300							
Class 3	\$ 500							
Class 4 and 5	\$1,000							
<p>STATEMENT OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</p> <p>Audited Balance Sheet, Income Statement and Statement of Cash Flows, at a minimum, prepared in accordance with 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 independent certified public accountant approved by the Insurance Commissioner.</p> <p>Class 1, 2, 3 Association, 4 and 5 Captives</p> <p>Class 3 Risk Retention Captives</p> <p>Branch Captives</p>	<p>Excel or PDF</p> <p>Excel or PDF</p> <p>Excel or PDF</p>	<p>Last day of 6th month following fiscal year end</p> <p>6/01/18</p> <p>30 days after filed in Parent's Domicile</p>						

Document / Description	E-Filing File Format	2018 Filing Deadline
<p>FINANCIAL PROJECTIONS</p> <p>Required for Class 3 Risk Retention Captive Insurance Companies only. Submit electronic copy to CaptiveInsAnnualFilings@dcca.hawaii.gov</p> <p>Financial Projections (Actual 2017 and Budget 2017-2020)</p> <ul style="list-style-type: none"> • Briefly describe the underwriting policy and pricing methodology. • Briefly explain variances equal or greater than 20%. • Include underlying assumptions used for the financial projections. 	Excel	6/01/18
<p>VERIFICATION OF INDEPENDENT BOARD OF DIRECTOR/SAC MEMBER (new)</p> <p>For Class 3 Risk Retention Captive Insurance Companies only – <i>form is optional.</i></p> <p>[CAP-008 Form]</p>	See Domestic RRG Filing Instructions	6/01/18
<p>ORSA (new)</p> <p>Own Risk and Solvency Assessment Summary Report</p> <p>Or</p> <p>Request for Exemption or Waiver (Notification)</p> <p>Required for Class 3 Risk Retention Captive Insurance Companies only.</p>	See Domestic RRG Filing Instructions	10/15/18
<p>Required to be <u>submitted via OPTins</u> for Captives Authorized to Write DIRECT MOTOR VEHICLE Insurance in HAWAII:</p> <p>A. Insured Vehicle Census Report for the Quarter Ended 12/31/17 B. Drivers' Education Fund Underwriters' Fee</p> <p>Refer to Insurance Commissioner's Memorandum 2017-8R available on our website at: http://cca.hawaii.gov/ins/insurers/rate_policy/mv_forms/</p> <p>Property & Casualty Annual Filing Instructions for Direct Motor Vehicle Insurance in Hawaii available at: http://cca.hawaii.gov/ins/insurers/annual-filing-instructions-and-tax-forms/ (Refer to items #117 and #113, respectively)</p>	OPTins OPTins	2/15/18 2/15/18
<p>Required for Captives Authorized to Write DIRECT WORKERS' COMPENSATION Insurance in HAWAII:</p> <p>Annual Assessment for Workers' Compensation Insurance Special Compensation Fund (ref. HRS § 386:151 & HRS § 386:152)</p> <p>[Check payable to Department of Labor and Industrial Relations, State of Hawaii]</p> <p>Please mail DIRECTLY to: Department of Labor & Industrial Relations Disability Compensation Division P. O. Box 3769 Honolulu, HI 96812-3769</p>	Not Available	Within 30 Days of Demand of DLIR