



STEPS TO CREATE A CAPTIVE IN HAWAII

Setting Up a Captive

Once a prospective captive organizer or organizers has decided to implement a Hawai'i captive facility, the following steps should be undertaken:

1. Select a name for the proposed captive facility. It cannot be deceptively similar to, or likely to be confused with, or mistaken for any other existing business name registered in the State.
2. Select a captive insurance management firm. The use of a captive insurance manager is required for each captive, and is approved on a case-by-case basis for each captive by the Insurance Commissioner. In general, the captive insurance manager is expected to provide the appropriate depth and scope of experience and services necessary to ensure compliance with applicable local and/or multi-jurisdictional regulatory requirements.
3. Arrange an introductory meeting or teleconference call with the Captive Insurance Branch of the Insurance Division. All prospective applicants are required to have an introductory meeting or teleconference with the Captive Insurance Administrator. Purpose of the meeting is to introduce key officials of the organizers, and explain the who, what, where and how of the proposed facility.
4. Petition Insurance Commissioner for Certificate of General Good.
5. Prepare formation (e.g., incorporation, organization, etc.) documents.
6. Prepare captive application and supporting documents for submission to Insurance Division.
7. Review captive application by Insurance Division and/or independent advisor selected by the Insurance Commissioner. Upon approval by the Insurance Commissioner, Certificate of General Good issued along with notice of approval.
8. Submit formation documents to the Business Registration Division of the State of Hawai'i, Department of Commerce and Consumer Affairs, along with appropriate filing fee and Certificate of General Good.
9. Submit appropriate forms to the Insurance Division. Upon filing of the formation documents with the Business Registration Division, application is made to the Insurance Commissioner to issue the Certificate of Authority (or license), along with a certification from any two of the captive's principal officers, its Attorney-In-Fact (in the case of a reciprocal) or the duly authorized representative of its governing body regarding the captive's financial condition.
10. Certificate of Authority is issued by the Insurance Commissioner.

Ongoing Procedures

Some of the other ongoing procedures and requirements include:

1. Captive must maintain its principal place of business in Hawai'i, and appoint a resident agent to act on its behalf for receipt of service.
2. Certificate of Authority (or license) is renewed annually.
3. Class 1, 2, 4 and 5 captives file annual financial reports prepared in accordance with Generally Accepted Accounting Principles or other comprehensive basis of accounting as approved by the Commissioner and audited by an approved independent Certified Public Accountant. Class 3 captives must file annual audited financial statements prepared in accordance with Statutory Accounting Principles, as well as, interim and annual statements on prescribed NAIC Forms. See also "Annual Filing Instructions" at: <http://cca.hawaii.gov/ins/captive/>.
4. All captives are subject to an examination by the Insurance Division as often as the Insurance Commissioner deems appropriate, up to 5 year intervals.
5. The board of directors or governing body hold at least one meeting each year within the State of Hawai'i.
6. Captive must maintain its minimum required capital and surplus at all times.