



South Carolina Department of Insurance  
Captive Insurance Division  
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Columbia, SC 29201  
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Henry McMaster  
Governor  
Michael Wise  
Director

## CAPTIVE INSURER APPLICATION & SPECIFIC INSTRUCTIONS

Provide the documents listed below in the order shown. Draft copies of service provider agreements, policies, and reinsurance and fronting agreements are acceptable in the application process, but final executed versions will be required before permission to begin underwriting is granted. Draft copies of organizational documents are permitted in the application process, but **executed** organizational documents are required **before issuance of a Certificate of Authority**. Submit all documents in PDF format (including Excel spreadsheets) and send to [captivemail@doi.sc.gov](mailto:captivemail@doi.sc.gov) with a copy to [acunniffe@doi.sc.gov](mailto:acunniffe@doi.sc.gov).

1. Cover letter introducing the prospective captive and its owners
2. Table of contents. Hyperlinks are helpful but not required.
3. Completed application form signed by the captive manager and owner
4. Plan of Operation which includes a discussion of the following:
  - a. Parent company overview
  - b. Business purpose
  - c. Ownership structure
  - d. Insurance program including type of captive and organizational type
  - e. Lines of coverage, direct or assumed, with limits per occurrence and aggregate
  - f. Expected premiums and losses
  - g. Amount and form of capitalization
  - h. Use of fronting or reinsurance
  - i. Details of risk management program including the material risk management procedures followed, if applicable
  - j. Board of directors and officers
  - k. Service providers
  - l. Investment plan
  - m. Special requests including target date for licensure
5. Organizational chart showing the captive in relation to the parent organization, affiliates, and beneficial owners
6. Financial statements of the immediate parent company. Depending on the capitalization of immediate parent company, financial statements of the ultimate parent may be required.
7. Executed Organizational documents. These must be provided before a Certificate of Authority is issued:
  - a. A copy of the captive's Articles of Incorporation or Articles of Organization certified by the Secretary of State (including certification stamp). *See* S.C. Code §38-90-20(C)(1)(a) and (b).

- b. The captive's Bylaws certified by President and Secretary of the captive or Operating Agreement certified by Managers of the captive. *See* S.C. Code §38-90-20(C)(1)(a) and (b).
  - c. Executed Action Taken by Written Consent of Sole Incorporator or Organizer
  - d. Executed Unanimous Written Consent in Lieu of Organizational Meeting of the Board of Directors or Managers
  - e. Executed Uniform Consent to Service of Process
  - f. Statement Under Oath of Financial Condition of the captive reflecting the total capital and surplus that will be injected no later than 30 days after the Certificate of Authority is issued. Statement may take the form of a balance sheet certified by the President and Secretary if a corporation or by the Managers if an LLC and must be notarized. *See* S.C. Code §38-90-20(C)(1)(a) and (b).
  - g. Executed Subscription for Stock or Stock Purchase Agreement
  - h. Federal Employer Identification Number
8. Evidence of capital and surplus such as bank account statement or screenshot of bank account with the name of the captive entity is required before commencing underwriting but can be provided within 30 days after the Certificate of Authority is issued.
  9. Biographical affidavits of officers and directors. Both the NAIC form or South Carolina version are acceptable. Updated affidavits for each officer or director are necessary even if an officer or director has an existing affidavit on file with another entity licensed in South Carolina.
  10. If the method of accounting other than GAAP is requested or if modified GAAP is requested, please provide the rationale, including auditor recommendation. Deviation from GAAP must be approved by the Department.
  11. Service provider agreements. Drafts are acceptable but executed versions are required within 30 days after the Certificate of Authority is issued. Named actuaries, auditors, and captive managers need to be on the approved South Carolina service providers lists.
    - a. Captive Manager
    - b. Actuary
    - c. Auditor
    - d. Attorney
    - e. Other: Third-Party Administrator (also include any shared service agreement with parent company), Investment manager, Reinsurance broker; Consultant; Program administrator; Insurance broker; etc.
  12. Actuarial funding study in final form with the appropriate narrative and technical support per actuarial standards of practice and signed by an actuary. Five-year financial proformas showing expected and adverse scenarios, identifying who prepared the pro formas.
  13. Policy forms and reinsurance agreements. Drafts submitted with the application are acceptable with executed forms and agreements to be provided before underwriting commences and within 30 days after the Certificate of Authority is issued.
  14. A check for the application fee (\$200), review fee (\$300), and licensing fee (\$4,000). One check for \$4,500 is acceptable. Indicate the captive name on the check or include a copy of the check with the application. Send payments to South Carolina Department of Insurance 1201 Main St., Suite 1000, Columbia, SC 29201. Please inform the License Coordinator when the fee is submitted. The fee for special purpose financial captives is detailed in S.C. Code §38-90-440(G).

15. Original letter of credit, if used. Must be provided as an original, not a photocopy. This is the only document we need as an original. See the LOC instructions and sample under Captive Forms & Filings on the SC captives website.
16. Any other information that may be helpful in assisting the Department with its review and investigation

Additional information may be required for risk retention groups, branch captives, reciprocals, and sponsored captives. Some documents required for these types of companies will be in place of some of the documentation listed above.

### **Risk Retention Groups**

1. Provide a list of states in which the RRG will be registered subsequent to licensing.
2. If subject to the Holding Company Act, provide a Form B filing within 15 days of licensure or a Disclaimer of Affiliation. *See* S.C. Code §38-21-130.
3. Include the requisite statutory notice language from S.C. Code §38-87-40(7) on the front of the policies and the declaration pages.
4. Investment policy must be consistent with S.C. Code §38-12-10 et seq.
5. RRG board adopted and approved codes and standards including but not limited to:
  - a. Affirmation of independence of board of directors. *See* S.C. Code §38-87-30(D)(2).
  - b. Written policy in the plan of operation pursuant to S.C. Code §38-87-30(D)(4).
  - c. Board approved governance standards. *See* S.C. Code §38-87-30(D)(5).
  - d. Code of business conduct and ethics. *See* S.C. Code §38-87-30(D)(6).

### **Branch Captives**

1. Establish a trust fund in the US (if an alien insurer) for the benefit of US policyholders and US ceding insurers in accordance with S.C. Code §38-90-40(C) and (E).
2. Provide evidence of registration with the SC Secretary of State's Office in accordance with S.C. Code §38-90-60(C) and (D).
3. One hundred eighty (180) days after the fiscal year end, file with the Department a copy of the annual report and all reports and statements required under the laws of the jurisdiction in which the alien or foreign captive is domiciled in accordance with S.C. Code §38-90-70(C).
4. Note that in cases of examination, only the branch business and operations will be examined as long as the alien or foreign captive annually provides a certificate of compliance or its equivalent issued by the alien or foreign jurisdiction. *See* S.C. Code §38-90-80(C).

### **Reciprocals**

1. A copy of the power of attorney appointing the attorney-in-fact certified by two officers of the captive. *See* S.C. Code §38-90-20(C)(1)(c)(i).
2. A copy of its subscribers' agreement certified by two officers of the captive. *See* S.C. Code §38-90-20(C)(1)(c)(i).
3. A notarized statement under oath of its attorney-in-fact demonstrating the financial condition of the captive. *See* S.C. Code §38-90-20(C)(1)(c)(i).
4. Abide by the provisions of S.C. Code §38-17-10 et seq. as amended.

## **Sponsored Captives**

1. The name of a sponsored captive insurance company shall include the words “Sponsored Captive” or the abbreviation “SC”. *See* S.C. Code §38-90-210(C).
2. The name of an unincorporated cell shall include the words “Protected Cell” or “PC”. *See* S.C. Code §38-90-215(B)(1).
3. The name of an incorporated cell shall include the words “Incorporated Cell” or “IC”. *See* S.C. Code §38-90-215(D).
4. Provide a business plan demonstrating how the applicant will account for the loss and expense experience of each protected cell and how it will report the experience to the Director along with a statement that expenses will be allocated to each protected cell in an equitable manner. *See* S.C. Code §38-90-20(C)(3)(a) and (c).
5. Confirm that protected cell assets and liabilities will be kept separate and separately identifiable from the assets and liabilities of the sponsored captive’s general account and separate and separately identifiable from the protected cell assets and liabilities attributable to other protected cells. *See* S.C. Code §38-90-210(F)(1) and (2).
6. Provide all Participant Agreements between the sponsored captive and participants. *See* S.C. Code §38-90-20(C)(3)(b).
7. The sponsored captive insurance company shall attribute to the protected cell assets with a value at least equal to the reserves and other insurance liabilities attributed to that protected cell. *See* S.C. Code §38-90-210(G).



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**CAPTIVE INSURANCE COMPANY APPLICATION**

1. Name of proposed captive \_\_\_\_\_

2. Name and address of parent company \_\_\_\_\_  
 \_\_\_\_\_

3. Name and address of contact person:

a. For the application

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

b. For Premium Tax Purposes

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

4. Captive Type

Pure  Risk Retention Group  Association  Branch  Sponsored

Special Purpose  Industrial Insured  SPFC  Other: \_\_\_\_\_

5. Organizational form

Stock  Mutual  Reciprocal  LLC  Non-Profit  Other \_\_\_\_\_

6. Location of books and records

\_\_\_\_\_

\_\_\_\_\_

7. Lines of coverage written or assumed

\_\_\_\_\_

8. Jurisdictions where the majority of risks reside

\_\_\_\_\_

9. Capital and Surplus

Initial capitalization \$ \_\_\_\_\_

Additional surplus \$ \_\_\_\_\_ Total C&S \$ \_\_\_\_\_

Form of minimum C&S and name and location of the holding or issuing bank

\_\_\_\_\_

Form of additional C&S and name and location of the holding or issuing bank

\_\_\_\_\_

Type or class of stock	# of shares authorized and issued	Par value
------------------------	-----------------------------------	-----------

_____	_____	_____
-------	-------	-------

_____	_____	_____
-------	-------	-------

Location of stock register \_\_\_\_\_

\_\_\_\_\_

10. Fiscal year end date: \_\_\_\_\_

11. Name and address of beneficial owner(s):

(Attach additional sheets, if necessary)

Name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Percentage of ownership \_\_\_\_\_

Name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Percentage of ownership \_\_\_\_\_

Name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Percentage of ownership \_\_\_\_\_

Name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Percentage of ownership \_\_\_\_\_

Name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Percentage of ownership \_\_\_\_\_

12. Explain the relationship among the parents, sponsors, or beneficial owners

\_\_\_\_\_

\_\_\_\_\_

13. Name and address of registered agent for service of process. Do not use postal box numbers.

\_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

14. Officers and Directors (Attach additional sheets, if necessary)

Name and address \_\_\_\_\_

\_\_\_\_\_

Current employer and title \_\_\_\_\_

Title with the captive \_\_\_\_\_

Name and address \_\_\_\_\_

\_\_\_\_\_

Current employer and title \_\_\_\_\_

Title with the captive \_\_\_\_\_

Name and address \_\_\_\_\_

\_\_\_\_\_

Current employer and title \_\_\_\_\_

Title with the captive \_\_\_\_\_

Name and address \_\_\_\_\_

\_\_\_\_\_

Current employer and title \_\_\_\_\_

Title with the captive \_\_\_\_\_

15. Service Providers (Attach additional sheets, if necessary)

Captive management firm \_\_\_\_\_

Contact name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Legal firm \_\_\_\_\_

Contact name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Auditing firm \_\_\_\_\_

Contact name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Actuarial firm \_\_\_\_\_

Contact name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Other firm \_\_\_\_\_

Contact name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Other firm \_\_\_\_\_ Contact name and address \_\_\_\_\_

\_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

**CERTIFICATION:** Application must be certified by at least one (1) Officer or Director of the owner.

We certify that, to the best of our knowledge and belief, all of the information given in this application is true and correct. All estimates given are true estimates based on facts which have been carefully considered and assessed. We further certify we will notify the director within thirty (30) days of any material change in the information filed with this application.

Manager's signature \_\_\_\_\_ Date \_\_\_\_\_

Manager's name \_\_\_\_\_

Owner's signature \_\_\_\_\_ Date \_\_\_\_\_

Owner's name \_\_\_\_\_