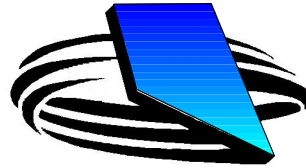


Captive Insurance in Nevada



Nevada Department of
Business & Industry

Division of Insurance

Kenny C. Guinn, Governor
Sydney H. Wickliffe, CPA, Director
Alice A. Molasky-Arman, Commissioner

Why Nevada?

- **Broadest range of types of captive insurers permitted - Pure captives, association captives, rental captives and ONLY state to allow agency captives.**
- **No proof of insurance unavailability needed.**
- **No approval required for rates or forms.**
- **All commercial lines are acceptable on a direct basis, including excess workers' compensation. (Current law requires that an admitted indemnity carrier insure primary workers' compensation.)**
- **No minimum premiums required.**
- **No investment restrictions except for pure captives. Association, rental and agency captives are subject to statutory methods of valuation and rating; the commissioner may approve other reliable alternative methods of valuation and rating.**
- **Simplified annual reporting on a GAAP basis.**
- **No participation in pools, guaranty associations or rating organizations.**
- **Law provides Commissioner flexibility, minimizing risk of insolvencies, yet creating a fair, yet sound regulatory environment.**
- **May be formed elsewhere and licensed in Nevada.**
- **Location/Accessibility/Lodging.**
- **Subject only to premium tax and ad valorem tax on real and personal property.**
- **Strong encouragement and State support for organizations to conduct business in Nevada.**

**Application Fees
and
Other Financial Information**

Application Fee	\$500
License/Renewal Fee	\$300
Incorporation Fee	\$125 minimum
Review Firm Fee	Up to \$3,000

Premium Taxes (minimum \$5,000)

<u>\$ Millions</u>	<u>Direct Rates %</u>	<u>Reinsurance Rates %</u>
0-20	.400	.225
20-40	.200	.150
Over 40	.075	.025

Financial Requirements

	Minimum Capital */**	Minimum Surplus *
Pure Captive	\$100,000	\$150,000
Association Captive (Stock)	\$200,000	\$300,000
Agency Captive	\$300,000	\$300,000
Rental Captive	\$400,000	\$350,000
Association Captive (Mutual or Reciprocal)	N/A	\$500,000

* Cash or irrevocable letter of credit. 

** Capital stock must not be issued at less than par value.

 Letter of credit must be issued by a Nevada Bank or a member of the U.S. Federal Reserve System approved by the commissioner.

Regulatory Procedures

Initial Licensing Requirements

Listed below are some pointers to help expedite the licensing process:

- Schedule a meeting with the Commissioner and staff.
- Include a certified copy of the articles of incorporation and the by-laws. The purpose clause in the articles of incorporation must state that the primary purpose of the company is to transact business in accordance with NRS 694C.300. The commissioner must approve the Articles of Incorporation before they are filed with the Secretary of State.
- Submit a full business plan including operational structures and rating processes.
- Include identification and qualifications of underwriting manager for group, association or rental captives. Management companies, CPA's and local attorneys must be approved by the commissioner.
- Submit pro forma financial statements prepared by a CPA. Pure captives must also include the financial statements of the owners.
- Submit the name of the captive for approval to ensure it does not conflict with other names.



Ongoing Requirements

- Establish accounts with a bank located in Nevada.
- Nevada must be the principal place of business.
- Nevada resident must be listed as the resident agent.
- Captive must contract with a CPA or nationally recognized CPA firm, approved by the commissioner.
- Captive must employ or contract with actuaries to review and evaluate its operations, and also retain a Nevada licensed attorney, who is experienced in Nevada law.
- Board of Directors must hold an annual meeting in Nevada. One member of the Board of Directors or the attorney-in-fact must be a resident of Nevada. (NRS 694C.180)
- Material changes must be submitted to commissioner for approval before implementation.
- License renewal and fee due March 1.
- Premium tax due on or before March 1.
- Annual report of financial condition due on or before March 1.
- Audited financial statement due on or before June 30.
- Captives are subject to examination by the commissioner every 3 years. Commissioner may extend examination to every 5 years if annual audits are conducted.

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