CAPTIVE INSURANCE BULLETIN NO. 4

TO: All Captive Managers, Auditors, and Actuaries Accredited in Delaware, and all Members of the Delaware Captive Insurance Association

RE: Reduction of Capital for Special Purpose Captive Insurance Companies; 18 Del.C. §6905(a)(7)

DATE: October 10, 2016

The purpose of this bulletin is to inform the captive insurance industry that effective immediately, and consistent with my discretionary authority pursuant to 18 Del. C. §6905(a)(7), the capitalization requirement for certain special purpose captive insurers shall be $50,000. This reduction allowance applies only to those special purpose captive insurers which receive no direct or assumed reinsurance premium other than in a series thereof nor issue any form of insurance contract other than from a series thereof. The diagram below illustrates the arrangement in which the special purpose captive insurer may reduce capital.¹

![Diagram]

Written application for this reduction is required and shall be directed to the Captive Bureau. If such reduction allowance is approved, the reduction will be documented by a company specific Administrative Order.

This Bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.

Karen Weldon Stewart, CIR-ML
Insurance Commissioner

¹ A Delaware series is a form of business organization and can be licensed as a series captive insurance company, pure captive, agency captive, or as other forms of captive insurance company.