



CAPTIVE INSURANCE BULLETIN NO. 5

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

RE: Use of Mutual Funds for Minimum Capital and Surplus; 18 Del.C. §6905(c)

DATE: October 10, 2016

18 Del.C. §6905(c) states that:

[m]inimum capital and surplus described in paragraphs (a)(1)-(9) of this section shall be maintained in this State and may be in the form of cash, an irrevocable letter of credit issued by a financial institution chartered by or licensed or otherwise authorized to do banking business in this State, or by any other financial institution approved by the Commissioner, **or such other assets as may be approved by the Commissioner [emphasis added].**

Certain mutual funds may be approved as *other assets* under this Section. A mutual fund is an approved *other asset* if it is listed on the National Association of Insurance Commissioners *Mutual Fund List*. The list is available on the captive bureau's website at <http://captive.delawareinsurance.gov/>. In order to satisfy the requirements for consideration as an approved *other asset*, the fund must at all times be listed on the *Mutual Fund List*. If a fund loses its listing, the qualification as an approved *other asset* is lost, and the affected captive insurance company is no longer compliant with 18 Del.C. §6905(c). Such an occurrence must be promptly cured, such as by converting the delisted fund investment to cash or to another listed fund. Otherwise, the captive bureau must be notified of the delisting.

This bulletin is not applicable to risk retention groups or any other form of captive insurance company that must file its financial statements pursuant to statutory accounting.

This Bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner